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How to prioritize corruption research in the EU relation to EU Internal and External Security

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Human security

- One of the most widely-cited views of human security came in 2003: the 2003 Final Report of the UN Commission on Human Security. **The goals mentioned in the 2003 Final Report are often summarized as the “*freedom from fear and want*”**
- **7 types:** economic security, food security, **health security**, environmental security, personal security, community security, and political security



EU Security (internal)

- On 24 July 2020, the European Commission set out a new [EU Security Union Strategy](#) for the period from 2020 to 2025.



Priority area (internal security)

- organised crime,
- terrorism and the prevention of violent radicalisation,
- resilience of our critical infrastructures and public spaces, *energy, water, health, finance, transportation*
- cybercrime, including fighting child sexual abuse,
- law enforcement cooperation and information exchange,
- research and innovation



- There is a **strong link between organised crime and corruption**. It has been roughly estimated that corruption alone costs the EU economy €120 billion per year. ...
- The prevention and fight against corruption will continue to be subject to **regular monitoring under the rule of law mechanism** as well as the European Semester (provides framework for coordination of economic policies).
- The European semester has assessed challenges in the fight against corruption such as **public procurement, public administration, the business environment or healthcare**.
- The Commission's new annual rule of law report will cover the fight against corruption and enable a preventive dialogue with national authorities and interested stakeholders at EU and national level.
- Civil society organisations can also play a key role in stimulating the action of public authorities in preventing and fighting organised crime and corruption, and these groups could usefully be brought together in a common forum.
- **Due to their cross-border nature, another key dimension is cooperation and assistance on organised crime and corruption with neighbouring regions to the EU**



- Economic and financial crimes are highly complex, but they affect millions of citizens and thousands of companies in the EU every year.
- **Combatting fraud is crucial and requires EU-level action.** Europol, along with Eurojust, the European Public Prosecutor's Office and the European Anti-Fraud Office support Member States and the EU in protecting the economic and financial markets and safeguarding EU taxpayers' money.



- The European Public Prosecutor's Office will become fully operational late in 2020 and investigate, prosecute and bring to judgment crimes against the EU budget, such as fraud, corruption and money laundering. It will also tackle cross-border VAT fraud costing taxpayers at least €50 billion every year.



- The Commission will also support the development of expertise and of a legislative framework in emerging risks, such as crypto-assets and new payment systems. In particular, the Commission will look at the response to the emergence of crypto-assets such as bitcoin and the effect these new technologies will have on how financial assets are issued, exchanged, shared and accessed.
- There should be zero tolerance for illicit money within the European Union...



- Over thirty years, the EU has developed a **solid regulatory framework for preventing and combatting money laundering and terrorist financing, in full respect of the need to protect personal data.**
- **Nevertheless, there is growing consensus that the implementation of the current framework needs to be significantly improved.** Major divergences in the way it is applied *and serious weaknesses in the enforcement* of the rules need to be addressed.
- ...assess options to enhance the EU's framework for anti-money laundering and countering terrorist financing. Areas to explore include the interconnection of national centralised bank account registries, which could significantly speed up access to the financial information for Financial Intelligence Units and competent authorities.



Western Balkan

- EU Assessment , October 2020
- Corruption
- <https://globalinitiative.net/analysis/corruption-western-balkans/>



Pledges

- The Berlin Process (2014): the aim of facilitating regional cooperation among the countries of the Western Balkans and boosting European integration and security (WB and EU).
- Annual Summits since then with the objective of working together to achieve greater security, stability, integrity and prosperity in the region. **Fighting corruption is among the priorities.**
- Berlin Process at the 2017 Trieste summit: a joint declaration by the Chair and the governments of the Western Balkan countries on a common commitment to the fight against corruption. The six countries in the Western Balkans committed to adopt the Regional Anti-Corruption Initiative's International Treaty on Exchange of Data for the Verification of Asset Declarations.

In July 2018 the Western Balkan countries (all except Serbia, which signed the pledges in 2019) stated their continuing commitment to the fight against corruption by introducing anti-corruption pledges.

They were drafted on the basis of outcomes of the 2016 London Anti-Corruption Summit, the first Global Declaration against Corruption, Group of States against Corruption (GRECO) recommendations and EU Commission accession progress recommendations.



CONTEXT

- WB – a century of most dynamic transformations
- From colonies of Ottoman and Habzburg empires through national states formation, the two WWs, half a century of socialist regimes, a war in the former Yugoslavia to the new political and economic system and aspirations towards the EU membership
- Historically a cross-road of trafficking to and from Europe
- **Still today the most challenging hub for transnational organized crime**
- Historically embedded forms of corruption eased the nascent organized corruption



From Bribery and Nepotism to Organized Corruption

- Organized corruption rests on the interwoven criminal, political and economic interest to profit from the power position and political coverage of illicit deeds
- “Organized Corruption” – involvement and /or use of an interest organization, criminal or not, of various forms of corruption and related illicit deeds from the position of power and/or with political coverage to gain financial, political or social benefits



ORGANIZED CORRUPTION

Main Types

Political financing

Political party financing, financing of electoral campaigns, buying of political support, ease of access to public funds, «behind the door» public tenders, political appointments in civil service and state-owned enterprises, building a patronage network of economic and political dependency

Economic and financial corruption: public procurement, privatization, tax evasion, money laundering, fake investments and financial crimes

Illicit personal enrichment: classical abuse of political and financial power and position for illicit gains

Western Balkans unfortunately knows the whole array of those types of organized corruption which are illustrated in the report

GOVERNMENT RESPONSES TO CORRUPTION

Publicly declared their full commitment to fighting corruption in multiple fora.

- Adopted anti-corruption strategies at the national levels (follow-up and evaluation still on their way).
- Most legislations in the region comply with UNCAC and EU *Acquis Communautaire* but still a lot of deficiencies and loopholes
- Established anti-corruption bodies (often subjected to political interference and influence).
- Introduced specialized anti-corruption law enforcement and adjudicative bodies (high level cases seldom prosecuted and only few adequately adjudicated)

ACTORS

Politicians

:

- Top level political and party leaders
- Members of the Parliament

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Domestic and foreign entrepreneurs:

- Managers of public enterprises, business, banks, public funds

Members of the judiciary and criminal justice system

Organized crime affiliates

Public administration officials: national and local

OVERVIEW OF REGIONAL ASSESSMENTS 1

WB showed signs of progress in the past five years but also setbacks (e.g. TI Corruption Perception Index).

Even if the legislation is in place (GRECO, MONEYVAL, EU influence, UNODC), the implementation is not yet effective.

The culture of integrity is not fully developed (see e.g. high profile corruption cases).

OVERVIEW OF REGIONAL ASSESSMENTS 2

Organized corruption exists in all WB and significant reform is needed for all stakeholders (integrity building, independence and professionalism).

The pledges are repeated through various reports - interconnectivity of the reports (EU accession).

There is a lack of political will. Rule of law, fundamental rights and governance must be strengthened. Judicial reforms, the fight against corruption, organized crime and public administration reform need to deliver real results.

Gaps in the anti-corruption pledges

- Public procurement
- Financing of political parties and campaigns
- Whistleblowing protection
- Beneficial ownership and access to information
- Impunity and political protection of suspects and culprits
- Non-independent judiciary and very weak and non-independent anti-corruption agencies
- illicit enrichment, criminal liability of legal entities, professionals (lawyers, notaries, financial and accounting consultants), lobbying.
- Asset recovery and confiscation

WHERE DO OC AND CORRUPTION SIT IN THE WESTERN BALKANS?

- In contrast with the generic view of corruption and organized crime as belonging to the '**underworld**'.
- Today much of it happens in the **mezzo-world**: on the thin edge between illicit and licit and some of it walks straight on the **promenade**.
- And only some parts of organized crime and corruption are **strictly confined to the underworld**.
- It is no longer a domestic and regional but rather **international phenomenon**.
- **Anti-crime culture must go beyond the underworld and a part of the dominant civil culture**

MAIN ANTI-CORRUPTION ISSUES

- Persisting structural shortcomings.
- Organized corruption: links political/ business and criminal establishments.
- Lack of independence of anti-corruption control structures.
- Need for further professional and capacity development.
- Lack of an independent media.
- Not sufficient civil society organizations working in anti-corruption arena.
- Insufficient research and academic silence (?).
- Apathy of citizens and brain drain.
- Lack of independent and professional oversight.

FURTHER PUBLIC COMMITMENTS AGAINST CORRUPTION: A need for more credibility

A call for Western Balkans leaders to:

- Implement the fundamental reforms required to ensure the rule of law, the functioning of democratic institutions, independent judiciary and public administration.
- Ensure appropriate sanctions for corruption-related offenders.
- Increase the role of civil society in anti-crime culture and mobilization, education, and public debate.
- Improve bilateral and multilateral relations in the region.

Grand corruption (?)

- Grand corruption cannot be characterized as a Third World Phenomenon, the problem is global, depending often on multinational corporations that knowingly exploit, support and profit from kleptocracy, often making huge off-the book payments to corrupt leaders in exchange for deals granting access to natural resources or arms markets. It also depends on e.g. international banks that launder stolen assets.

(also see Starr, 2007) UNICRI

- Role of businessman (AIDP)
- UN Charter, Article 24/2 SC- maintenance of peace and security, SC meeting September 10, 2018



June 2021

- <https://www.whitehouse.gov/briefing-room/presidential-actions/2021/06/03/memorandum-on-establishing-the-fight-against-corruption-as-a-core-united-states-national-security-interest/>
- **Executive Order on blocking property and suspending entry to US of persons destabilizing Western Balkans (including corruption);**



- Thank you!
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