



EUROPEAN COMMISSION

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Anti-money laundering as part of the fight against organised crime

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Es gilt das gesprochene Wort

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Good afternoon Ladies and Gentlemen,

I am delighted to participate in today's conference on money laundering in the EU, and to have the opportunity to speak to such an impressive and broad audience.

My colleague, Commissioner Barnier, and other speakers have already set the scene this morning: the revised international standards on money laundering were adopted by the Financial Action Task Force in February last year, and now we have a Commission proposal updating the EU's legal framework. That proposal, prepared in record time, draws on excellent collaboration between the services of Commissioner Barnier and my own people in the Commission.

This morning, Commissioner Barnier spoke about the importance of EU anti-money laundering rules for the *internal market*.

I will tackle the topic from a different, but equally important, angle – that of *internal security and protection of the EU's economy* against serious and organised crime.

The European Police Office, Europol, completed earlier this week a large report on crime in the EU, *the Serious and Organised Crime Threat Assessment*. Money laundering is listed as one of the main crime threats to the EU. This probably does not come as a surprise to any of you, and fortunately authorities at international, EU, national and regional level have been working together for years to address the issue.

Let me say a few words about the thoughts that have guided the Commission's work over the last years, and what I believe we should do to strengthen the EU's response.

Ever since I took office over three years ago, an important part of my work in combating organised crime, has been guided by three simple observations.

First, we know that most serious and organised crime is driven by **profit**, which tend to be very large – not to say huge – and that most of those profits are laundered in one way or another. To complete what Michel Barnier said this morning: the UNODC estimates that criminal proceeds from transnational organised crime such as drugs trafficking, counterfeiting, human trafficking and small arms smuggling amounted to 1.5% of global GDP in 2009. The UNODC suggests that no less than 1,6 trillion US Dollars may have been laundered that year.

Second, serious and organised crime creates great **damage**, both to innocent victims and to the EU's economy as a whole. According to a report from the police in the United Kingdom, serious and organised crime has social and economic costs of 20 billion pounds a year in that Member State alone.

Finally, we have seen that organised crime groups are becoming increasingly **complex, sophisticated and international** in the way they operate. There are an estimated 3600 international organised criminal groups active in the EU, involved in trafficking in drugs, human beings, firearms and other illicit goods, fraud, cybercrime and other criminal markets. They launder and re-invest criminal profits, often in illegal activities, to strengthen their power and abilities to evade prosecution. Such groups pose a serious and growing challenge to the police and other law enforcement authorities in the EU.

From those three observations, the Commission drew the *conclusion* in November 2010 – in a Communication known as the EU Internal Security Strategy in Action – that **following the money** is of central importance. Tracing the illicit proceeds of crime back to the criminal networks is necessary both to detect, prosecute and *dismantle* those networks and to seize and *confiscate* their criminal wealth.

Efforts to prevent and prosecute money laundering, involving authorities and private actors at all levels, are therefore extremely important to deter and fight organised crime.

Based on that conclusion, the Commission has taken a number of initiatives in the last years.

First, the proposed **4th Anti-Money Laundering Directive** contains a number of innovations. The extension of the *scope* of the Directive to cover more cash transactions and gambling activities, and the use of a more *risk-based approach* – as discussed this morning – are important elements. So are the new rules on *cooperation between the financial intelligence units* ('FIUs') in the Member States. Cooperation between the FIUs with Europol, in cases having a cross-border dimension, also contributes to a coherent and efficient EU response.

Secondly, the Commission proposed new EU legislation last year to make it easier for courts in the Member States to **seize and confiscate** assets derived from serious and organised crime. The proposal would fill gaps in existing EU rules which are exploited by organised crime groups. In particular, it contains clearer and stronger rules on *extended confiscation* – that is confiscation of criminal assets which cannot be linked directly to a single criminal offence. It makes it easier to confiscate assets which have been passed on to *third-parties*. It also envisages confiscation in limited circumstances *without any criminal conviction*, where the person is dead, permanently ill or has fled. That proposal is now being discussed between the European Parliament and the Council. I hope that we will see some progress very soon.

Thirdly, the EU has set up **EU agencies** like Europol and Eurojust to support national authorities in their work and exchange information on financial and other serious crimes.

These agencies perform well, but the Commission is working on reforms to improve their efficiency and ability to help Member States even better. For Europol, a proposal to update its legal mandate should be adopted in the coming weeks.

Finally, **training programmes** for law enforcement and judicial authorities have been created, with the support of EU agencies like Cefpol, the European Police College, and the European Judicial Network to build trust and help them cope with the complexities of financial investigations. This is also something we will soon come back to: the Commission is about to adopt a Blueprint for how to step up training of law enforcement officials in all Member States, including on financial crime and money laundering.

But let us be honest, all that will not be enough to meet the challenges of serious and organised crime, and the laundering of their profits. The Commission is therefore working on several initiatives for the coming year. Let me just mention a couple of them.

First, *corruption* often paves the way for organized criminal activity, and through that the laundering of criminal profits. Corruption affects, to varying degrees, all Member States of the EU, and the efforts made to address it varies as well from country to country. The Commission will therefore publish, for the first time, a report – the **EU Anti-Corruption Report** – later this year looking at how Member States tackle corruption, and where there may be room for improvement.

Secondly, the Commission is planning to propose a Directive to ensure that **deterrent sanctions** apply when money laundering happens in practice, despite more effective preventive measures laid down in the 4th Anti-money Laundering Directive.

The Directive would lay down minimum rules for all Member States concerning what types of acts should be considered criminal money-laundering and what level of criminal sanctions should apply.

A final decision on whether to propose such a directive has not yet been taken, but it is clear that the legislation of Member States differ significantly both when it comes to the definition of money laundering and to the level of criminal sanctions.

The fact that what is punishable as money laundering in one Member State is not seen in the same way in another Member State may complicate cooperation between police and prosecutors across borders and in some cases it may be exploited by criminals. We have launched a study to find out more about the magnitude of these problems, and possible solutions.

I hope that many of you here will help the Commission, by sharing your views on those issues, in the coming months.

So to conclude.

The 4th Anti-Money Laundering Directive is likely to make a big contribution to the EU's security by helping prevent money-laundering, and I am grateful to Commissioner Barnier and his people for the hard work they have put into this.

For my part, I will continue to push forward the Commission's work to support law enforcement authorities' efforts to follow the money, disrupt criminal groups and confiscate their illicit wealth. We need to do all we can, especially in times of economic crises, to make sure that we defend the legal economy, for the benefit of citizens, taxpayers and consumers.

I look forward to future cooperation with you in taking this forward.