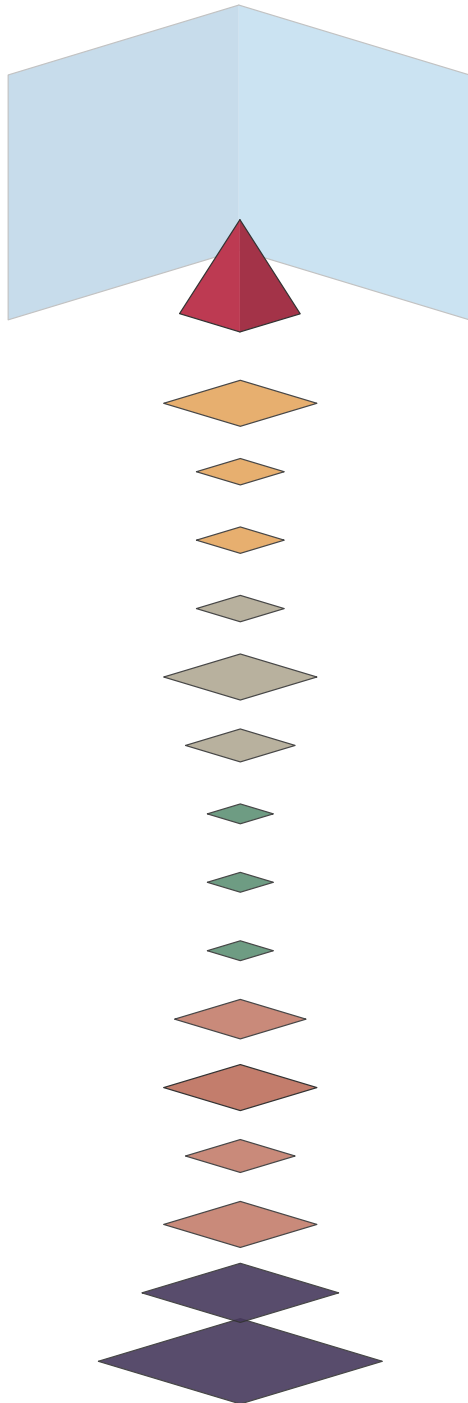


LUXEMBOURG



2.85

CRIMINALITY SCORE

180th of 193 countries

42nd of 44 European countries

10th of 11 Western European countries



CRIMINAL MARKETS

2.90

HUMAN TRAFFICKING 3.50

HUMAN SMUGGLING 2.00

EXTORTION & PROTECTION RACKETEERING 2.00

ARMS TRAFFICKING 2.00

TRADE IN COUNTERFEIT GOODS 3.50

ILLICIT TRADE IN EXCISABLE GOODS 2.50

FLORA CRIMES 1.50

FAUNA CRIMES 1.50

NON-RENEWABLE RESOURCE CRIMES 1.50

HEROIN TRADE 3.00

COCAINE TRADE 3.50

CANNABIS TRADE 2.50

SYNTHETIC DRUG TRADE 3.50

CYBER-DEPENDENT CRIMES 4.50

FINANCIAL CRIMES 6.50



CRIMINAL ACTORS

2.80

MAFIA-STYLE GROUPS 1.00

CRIMINAL NETWORKS 2.00

STATE-EMBEDDED ACTORS 2.00

FOREIGN ACTORS 5.00

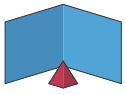
PRIVATE SECTOR ACTORS 4.00



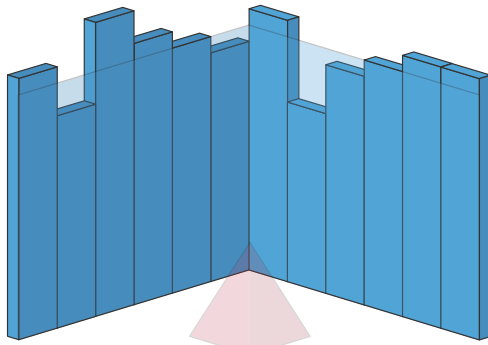
7.50

RESILIENCE SCORE





LUXEMBOURG



7.50

RESILIENCE SCORE

13th of 193 countries

10th of 44 European countries

4th of 11 Western European countries

POLITICAL LEADERSHIP AND GOVERNANCE	8.00
GOVERNMENT TRANSPARENCY AND ACCOUNTABILITY	6.50
INTERNATIONAL COOPERATION	9.00
NATIONAL POLICIES AND LAWS	8.00
JUDICIAL SYSTEM AND DETENTION	7.50
LAW ENFORCEMENT	7.00
TERRITORIAL INTEGRITY	8.00
ANTI-MONEY LAUNDERING	5.50
ECONOMIC REGULATORY CAPACITY	7.00
VICTIM AND WITNESS SUPPORT	7.50
PREVENTION	8.00
NON-STATE ACTORS	8.00



2.85

CRIMINALITY SCORE



CRIMINAL MARKETS 2.90



CRIMINAL ACTORS 2.80



CRIMINALITY

CRIMINAL MARKETS

PEOPLE

Human trafficking occurs in Luxembourg, especially for the purposes of sexual exploitation. Over the past five years, traffickers have increasingly exploited foreign nationals hailing from other countries in Europe, Africa, Asia and South America. Generally, groups vulnerable to traffickers' illicit schemes include migrant workers in domestic work, catering, construction and begging, as well as unaccompanied minors included in groups of smuggled migrants and people in Luxembourg's legal and illegal commercial sex industry. Instances of forced labour are also prevalent – occurring mostly in the hotel and foodservice sector and, to a lesser extent, within the construction industry.

Human smuggling is under-reported, as most reports refer to human trafficking. The size and scope of the human smuggling market therefore remains mostly unknown. Victims of human trafficking and smuggling may be exposed to extortion and protection racketeering. However, there is no information supporting the suggestion that these activities constitute a separate criminal market.

TRADE

While the illicit firearms market is very small within Luxembourg, the illicit arms trade is usually carried out by transnational organized criminal groups. Each year, weapons are seized by the authorities in connection with the drug trafficking market. Despite the existence of occasional illicit firearms trading in Luxembourg, the activities appear to be part of a wider transnational network supplying neighbouring countries and not a home-grown domestic market.

The growth of e-commerce and digital consumption have contributed to the purchase of counterfeit goods. A significant proportion of young people in Luxembourg buy fake products intentionally. It is difficult, however, to assess the extent of the counterfeit market in Luxembourg. Counterfeit trade revolves around luxury goods, but also industrial and pharmaceutical products, textile goods, jewellery and toys. The illicit trade in excise goods remains small in Luxembourg. The low price of tobacco and alcohol in comparison to neighbouring countries and Luxembourg's small size make accessing these products in Luxembourg an attractive option for residents of Germany, France and Belgium.

ENVIRONMENT

There is no tangible evidence of a significant flora or fauna crime market operating within Luxembourg. However, there are indications that illegal logging networks in Brazil collaborate with Luxembourg companies to export illegal Brazilian timber to Luxembourg as a final destination. While an illicit market for non-renewable resources is present in Luxembourg, it remains limited due to the country's high environmental performance, perceived low levels of corruption and a suppressed shadow economy. In 2022, Luxembourg approved a national plan for a green, digital and inclusive transition, making the fight against fraud in these sectors a priority.

DRUGS

Luxembourg is a transit and destination country for heroin. The market is moderate and reportedly declining, although demand and seizures have remained consistent for two decades. Luxembourg is not a key actor but acts as a consumer on the main transit routes. Most drug traffickers in the country are from North Africa. As a financial hub, Luxembourg may play a pivotal role in the laundering of assets gained from heroin trafficking.

Conversely, the cocaine market is growing, with more organized crime networks developing across the country. The drug is primarily brought in from Latin America and moved through Western Europe, although West African crime groups have also developed routes into and through Luxembourg.

Cannabis is the most consumed drug in Luxembourg and its use has increased, particularly among young people. Additional organized distribution networks have developed, making the drug more accessible and more affordable. It is primarily trafficked from the Netherlands and Morocco. Luxembourg has plans to legalize the cultivation, selling and consumption of cannabis.

The synthetic drug market is small in Luxembourg, but consumption is on the rise. Health services have reported increased use by teenagers. Authorities are particularly worried about the rise of synthetic drugs trafficked from China. Since neighbouring countries such as Belgium and the Netherlands have long been source countries for synthetic drugs with several clandestine production sites, trafficking often crosses into Luxembourg, which makes such substances affordable in the country. Selling techniques in the national drug market have become increasingly aggressive and trends suggest that users increasingly acquire illicit drugs on the national market.

CYBER-DEPENDENT CRIMES

Cyber-dependent crimes are occurring with increasing frequency. Victims are individuals, the financial and business sectors, and public institutions. Luxembourg's increased vulnerability to cyber-dependent crimes is largely due to growth in the number of people working from home and using VPNs, which are easy to hack.

FINANCIAL CRIMES

Since the COVID-19 pandemic, perpetrators of financial crime have taken advantage of the resulting economic instability and uncertainty. Phishing remains a common method for initiating financial crimes. An increase in the use of digital payments, the rising popularity of virtual currencies and the accelerated rate of technological advancement have all helped criminals find new opportunities to commit fraud at greater speeds and in larger volumes. Luxembourg remains a tax haven, appealing not only to international corporations and wealthy private individuals, but also to organized crime. While secret tax arrangements with multinational corporations have decreased considerably, other dubious business practices have emerged that call into question Luxembourg's compliance with national and international financial law.

CRIMINAL ACTORS

There are no domestic mafia-style groups operating within Luxembourg. However, its geopolitical characteristics, along with its global financial centres and stable, high-income

market economy have the potential to make Luxembourg attractive to global organized crime. According to experts, the 'Ndrangheta mafia-style group likes to invest and launder money in Luxembourg because the financial system lacks transparency. There are also reports about an increase in the Albanian mafia's violent activity in Luxembourg. The organized crime groups operating in Luxembourg engage principally in drug crime, motor-vehicle trafficking and fraud, as well as acts of violence and firearms trafficking. Private sector actors, including corporations and funds, are also known to be involved in criminal activities in the country, especially tax fraud and tax evasion.

Loose criminal networks operate in the country, particularly in the capital and in the Gare district, although organized drug networks operate throughout the country and affect even the smaller cities. Luxembourg itself is a transit country for drugs passing from the Netherlands or Belgium, often to the south of Europe. Groups from West Africa are reported to have strengthened their control over drug trafficking activities in Luxembourg. Most of the criminal networks operating in Luxembourg's illicit markets are transnational and, while their activity is limited, it is not clear how much control the authorities have over their activities.

Several investigations have accused Luxembourg of misconduct in financial matters. Authorities have been also identified in some cases as facilitators in money laundering schemes of criminal and corrupt individuals from all around the world. However, the government denies any allegations of illegal behavior and instead claims complete compliance with any rules applicable.

RESILIENCE

LEADERSHIP AND GOVERNANCE

Luxembourg is a highly stable country and public trust in the government is very high. The country has taken steps to strengthen the overall resilience of the state, its companies and its citizens against cyber-dependent criminal activities. Although corruption levels are very low in Luxembourg and the state is efficient in publishing policies for review, the legal framework for access to information is poor. Fighting corruption is the responsibility of the police and prosecution office. Luxembourg has a horizontal committee for corruption prevention, but no specialized independent anti-corruption office. The non-profit organization Stop Corrupt ameliorates the Luxembourgish system to fight corruption and foster transparency. Public authorities regularly organize corruption workshops with the private sector and grant financial support to Transparency International.

Luxembourg has a long history of international cooperation. Law enforcement engages in broad and effective international cooperation to combat transnational crime through Europol, INTERPOL and the Schengen Information System, among others. Luxembourg is an engaged international partner. Luxembourg's legislators take the fight against human trafficking and exploitation seriously and have various action plans and laws in place to criminalize, prosecute and hopefully deter the practice. However, despite these policies, Luxembourg has not ratified the Protocol against the Illicit Manufacturing of and Trafficking in Firearms, their Parts and Components and Ammunition, and more could be done to restrict the financing of producing and transferring illicit arms. Luxembourg is among the first countries in Europe with plans to legalize the cultivation, selling and consumption of cannabis. Measures have also been taken to strengthen the enforcement of the

Convention on International Trade in Endangered Species of Wild Fauna and Flora, establishing a national coordination committee to tighten sanctions against illegal trade and provide more financial resources to combat flora- and fauna-related crimes.

CRIMINAL JUSTICE AND SECURITY

The Service de Police coordinates judicial activities at national and international level, and has a department focused on organized crime and anti-terrorism. There is no indication that the judicial system has been corrupted by organized crime. There are two prisons in Luxembourg, with a third under construction. The Service de Renseignement de l'État is Luxembourg's homeland intelligence service, which is responsible for dealing with threats from organized crime. Luxembourg has eight drug law enforcement units, most of which fall under the ministry of internal security, and it has among the highest number of drug enforcement officers per person in Europe.

As a member of the Schengen Area, Luxembourg has relatively open borders, but this does not precipitate vulnerability to various criminal flows and territorial integrity remains unthreatened. The Police Grand-Ducal are responsible for border control and inefficiency in border security has been reported. Despite government efforts to develop tools and mechanisms to create a sound and safe cyberspace, Luxembourg remains vulnerable to cyber infiltrations.

ECONOMIC AND FINANCIAL ENVIRONMENT

Luxembourg is the main centre for wealth management in the eurozone and ranks among the top countries globally for investment fund activities. The main actor in the fight against money laundering is the local financial intelligence unit, but the Administration de l'Enregistrement, des domaines et de la TVA is also responsible for monitoring and controlling businesses' involvement in money laundering and financing terrorism. After being referred to the European Court of Justice for failing to implement the EU anti-money laundering legislation, Luxembourg has recently taken a series of measures to address this problem but their effect remains to be seen.

There is no indication that Luxembourg's regulatory environment is corrupt. Domestic and foreign businesses operate free from criminal activity and property rights are upheld. The country performs moderately well for ease of doing business, reflecting a conducive economic regulatory environment. Financial criminality remains the most salient illegal market. Despite the existence of tax agreements that take advantage of international tax disparities, thus allowing companies to avoid taxes in Luxembourg, the country is not on the EU's blacklist of tax havens.

CIVIL SOCIETY AND SOCIAL PROTECTION

There is no formal referral system for human trafficking victims to access the police or other state authorities, but a roadmap of cooperation between the different stakeholders regarding the process of detection and identification is currently being developed. A new system of restorative justice is now in place, but as yet no legal framework has been adopted. Housing for trafficking victims in Luxembourg is not long term, but a policy is in place to protect trafficking victims from being punished for any unlawful acts carried out as a direct result of being trafficked. Government-funded support for victims of human trafficking include housing, psychological support and medical, legal and financial assistance. Municipal 'prevention committees', including local authorities, police forces and specialized NGOs, operate in major cities. The provision of national drug consumption rooms has enhanced the involvement of municipal authorities. On cannabis, the government seeks to establish a state-regulated supply chain and market. Revenues from these transactions are then supposed to be spent on addiction, prevention, education and health care.

The government is open and cooperative, working with NGOs to combat organized crime, and many NGOs are involved in the prevention of drug abuse. Luxembourg has a free and unrestricted press, but the media environment has worsened recently as the media can be silenced by specific economic interests.

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