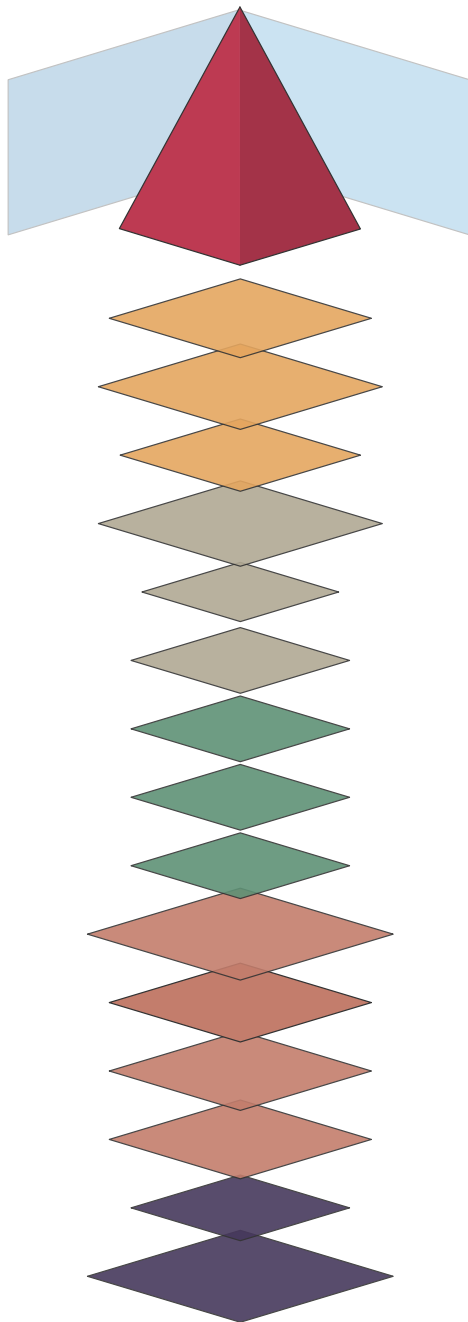




# SERBIA



## 6.22

### CRIMINALITY SCORE

40<sup>th</sup> of 193 countries

3<sup>rd</sup> of 44 European countries

3<sup>rd</sup> of 17 Central & Eastern European countries



### CRIMINAL MARKETS

**5.73**

HUMAN TRAFFICKING	6.00
HUMAN SMUGGLING	6.50
EXTORTION & PROTECTION RACKETEERING	5.50
ARMS TRAFFICKING	6.50
TRADE IN COUNTERFEIT GOODS	4.50
ILLICIT TRADE IN EXCISABLE GOODS	5.00
FLORA CRIMES	5.00
FAUNA CRIMES	5.00
NON-RENEWABLE RESOURCE CRIMES	5.00
HEROIN TRADE	7.00
COCAINE TRADE	6.00
CANNABIS TRADE	6.00
SYNTHETIC DRUG TRADE	6.00
CYBER-DEPENDENT CRIMES	5.00
FINANCIAL CRIMES	7.00



### CRIMINAL ACTORS

**6.70**

MAFIA-STYLE GROUPS	6.00
CRIMINAL NETWORKS	7.00
STATE-EMBEDDED ACTORS	8.00
FOREIGN ACTORS	6.50
PRIVATE SECTOR ACTORS	6.00



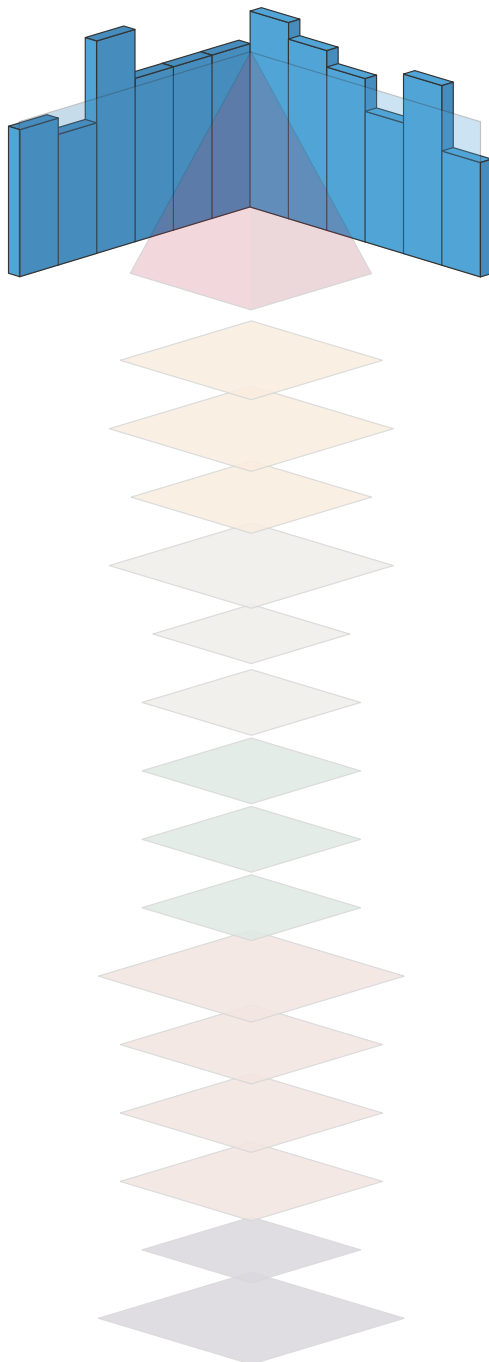
## 4.96

### RESILIENCE SCORE





# SERBIA



4.96

## RESILIENCE SCORE

93<sup>rd</sup> of 193 countries

36<sup>th</sup> of 44 European countries

10<sup>th</sup> of 17 Central & Eastern European countries

POLITICAL LEADERSHIP AND GOVERNANCE	4.50
GOVERNMENT TRANSPARENCY AND ACCOUNTABILITY	4.00
INTERNATIONAL COOPERATION	6.50
NATIONAL POLICIES AND LAWS	5.00
JUDICIAL SYSTEM AND DETENTION	5.00
LAW ENFORCEMENT	5.00
TERRITORIAL INTEGRITY	6.00
ANTI-MONEY LAUNDERING	5.50
ECONOMIC REGULATORY CAPACITY	5.00
VICTIM AND WITNESS SUPPORT	4.00
PREVENTION	5.50
NON-STATE ACTORS	3.50



6.22

## CRIMINALITY SCORE



CRIMINAL MARKETS 5.73



CRIMINAL ACTORS 6.70



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# CRIMINALITY

## CRIMINAL MARKETS

### PEOPLE

Serbia continues to be a source, transit, and destination country for victims of human trafficking. Serbian women and children are subjected to sex trafficking, including child marriage, in neighbouring countries, while men are usually trafficked for forced labour, mainly in the construction industry. Foreign male workers, mainly from Vietnam and India, are reportedly encountering forced labour in Serbia. Online sexual exploitation, especially of children, is a common cyber-enabled human trafficking crime in Serbia, and it increased in frequency during and after the COVID-19 pandemic, as traffickers adapted their operations and shifted to online recruitment methods such as social media outlets.

Human smuggling is a long-running issue in Serbia because of the country's location on the Balkan migrant route. A recent increase in the number of irregular migrants in Serbia has led to a subsequent increase in human smuggling and in the number of criminal groups involved in these activities. Consequently, armed conflicts among people smuggling groups have escalated. Tighter controls on the borders with Croatia and Hungary have led to the emergence of new informal routes that run via Serbia and Montenegro into Bosnia and Herzegovina (west) or from Serbia into Bulgaria and Romania (east). Human smuggling victims in Serbia originate mainly from Afghanistan, Pakistan, Bangladesh, and Syria. Crime bosses usually manage operations from outside the country, and while most smugglers share the nationality of their victims, local criminals often deal with internal transport and irregular border crossings.

Extortion is widespread but underestimated in Serbia. It is common for individuals to extort relatively small sums of money from people in difficult financial situations through loan sharking. In many cases, so-called hooligan criminal groups that operate private security companies will extort restaurants or clubs for protection money. Victims generally do not notify the authorities about such crimes, for fear of repercussions, and the phenomenon remains largely underreported.

### TRADE

Serbia remains one of the major weapons producers in Eastern Europe, and firearms are diverted into the illegal market. Improved border control, a certain degree of market saturation, and an increase in law enforcement capacity has led to a substantial decline in trafficking levels, as evidenced by a decrease in the number of firearms and

ammunition intercepted at the border in recent years. However, the market for illicit firearms is still significant. Handguns are readily available to criminal actors, and the illegal trade of weapons is a popular source of income for criminal groups in Serbia. The country is also a transit hub in the flow of convertible weapons through the Western Balkans. Trafficking operations usually involve several well-connected individuals with links to organized crime groups that coordinate purchasing and transfer.

Counterfeit goods, especially textile products, are prevalent in Serbia, which is an origin and destination country for this market. The scale of counterfeit trade in the region suggests a high degree of sophistication and collusion with logistics companies. The economic impact on the country, however, remains limited. With regard to the illicit trade of excise goods, Serbia is a prominent transit area for tobacco products, mainly smuggled from Asia and the Middle East. These usually arrive in the Balkans via the Adriatic ports and are generally produced in the United Arab Emirates or China. The main negative effects of the illicit tobacco trade in Serbia are the distortion of the local economy and lost duties and taxes. Although cigarettes from Serbia are mainly traded in Western and Central Europe, there is an internal demand, and some remain in Serbia to be sold on the grey market.

### ENVIRONMENT

Serbia has an active illegal logging market, which has seen an increase in recent years. These offences occur in privately owned forests, where security is inadequate, and in state-owned forests, where theft is often facilitated by corrupt forest rangers. Control of illegal logging and theft is poor, as the agencies responsible for combating these crimes are often susceptible to bribery, and forest rangers themselves are known to be involved. The fauna crime market in Serbia is also considerable. The illegal hunting of foxes and deer is common in rural areas, along with bird poaching. Additionally, the highly endangered bison population is under threat from poaching. Serbia is also a destination and possibly a transit country for illicit exotic wildlife, to supply the growing exotic pet market.

A recent rise in the amount of gold being smuggled by organized crime groups has been observed. Fuel, usually destined for Kosovo, is considered to be Serbia's most commonly smuggled commodity. The war in Ukraine and the socio-economic consequences of the COVID-19 pandemic have contributed to a significant increase in oil smuggling by river. Illicit lithium mining projects as well as illegal sand and gravel excavation are also concerns.

## DRUGS

The heroin trade remains the most pervasive drug market in Serbia. The country serves as a heroin transit hub connecting the east to the west, involving several organized crime groups, and there is evidence of collaboration between criminal organizations in Serbia and neighbouring countries. There is notable violence associated with Serbia's heroin market, owing to the participation of national and international mafia-style groups. Furthermore, the response of law enforcement remains inadequate, owing to corruption.

Serbia remains a transit and destination country for the cocaine trade. Serbian criminal groups are known to cooperate with Montenegro's criminal underworld in the cocaine trade in the region. Together they form a criminal network that has increased the amount of cocaine smuggled from Latin America and is also linked with distribution in Western and central Europe. Competition between rival groups in Montenegro plays out violently in Serbia, and there have been a number of related assassinations. Regarding the domestic consumption of cocaine, availability and demand are on the rise in Serbia, and the drug affects a growing share of the population. However, consumption in the country is still below average.

Cannabis is the most commonly used illegal drug in Serbia, mainly because of its low cost. There appears to be no, or very limited, violence associated with the market. The declining age of cannabis users, however, is a cause for concern. Cannabis usually transits Kosovo, North Macedonia, and Montenegro before entering Serbia, and from there it is generally sent to markets in Western and central Europe. There is also a trend towards the indoor cultivation of cannabis in many areas in Serbia.

Along with Bulgaria, Serbia is the main source of synthetic drugs in Eastern Europe. Amphetamine-type stimulants and new psychoactive substances are produced in small quantities in clandestine labs throughout the country. These drugs are mainly exported to Western Europe, neighbouring states, and the Middle East, however there is also a small but growing domestic market. Recently, attention has been drawn to a new synthetic drug called 'pink cocaine'.

## CYBER-DEPENDENT CRIMES

Recently, there has been an increase in cybercrime incidents targeting small and medium enterprises, media actors, and civil society organizations in Serbia. Currently, cyber-dependent crimes are seen as a major threat, with malware, ransomware, and, to an extent, distributed denial-of-service attacks being the most common. Cyber-attacks differ depending on the target, and public institutions experience the highest number of threats. From a technical perspective, legacy systems and outdated equipment are recognized as potential risks in Serbia, as security updates and patches are no longer available.

## FINANCIAL CRIMES

As the largest economy in the region, with the most highly developed infrastructure, Serbia attracts significant foreign investment, but also provides numerous opportunities for financial crime. Public procurement projects as well as privatization processes are suspected to be subject to political influence and corrupt schemes. Another form of fraud is tender rigging to benefit companies owned by or connected to high-level politicians, resulting in damages to public funds. Tax evasion is also widespread, especially by cash-intensive businesses and in the construction industry, where large numbers of workers do not have official contracts. In addition, the growing number of casinos in the country has raised concerns about the industry's vulnerability to financial crime.

## CRIMINAL ACTORS

State-embedded actors leverage criminals and criminal groups to exert control over private and public sector entities. Additionally, some high-ranking politicians are reportedly allied with football hooligans, receiving protection in exchange for allowing them to carry out illegal activities. State-embedded actors are also heavily involved in white-collar organized crime, especially in public procurement. Furthermore, criminal networks are widespread and maintain connections that enable sound control of criminal markets and members. Criminal networks commonly use extortion and intimidation to control criminal markets and political connections. Serbia's strategic and geographical position, combined with a high regional demand for narcotics, especially in the EU and Turkey, has accelerated the activities of criminal groups. Additionally, so-called football hooligans are a concern, as they tend to collaborate with criminal networks, in some cases providing logistical support.

Montenegrin criminal actors, largely in the form of mafia-style groups, dominate the criminal economy in Serbia, while China and Russia also have a strong influence, facilitated by their strong political links and economic penetration in the country. There is also a growing Turkish influence, especially in the Sandzak region. Mafia-style groups in Serbia enjoy protection from political figures and are used as an extended hand of the state in controlling the private sector. Their members are frequently recruited and nurtured from hooligan groups. The environment of impunity enables Serbian gangs to be involved in drug and arms trafficking markets at the local and transnational level with no major consequences. Their profits are such that they have invested substantially in the legal economy. The connection between criminal actors and politicians in Serbia extends to media control, privatization, and public procurement, making some criminals almost untouchable.

Most major private businesses are mainly owned by people connected to high-level politicians. These businesses are commonly involved in financial crime, particularly corrupt

public procurement projects. Those that are not are

frequently controlled through intimidation and the use of state resources, such as inspections and audits.

# RESILIENCE

## LEADERSHIP AND GOVERNANCE

Serbia's governance is challenged by concerning levels of criminal capture. Although statements against organized crime have been made by high-level politicians, the implementation of the legal framework pertaining to organized crime continues to be inefficient, especially in politically sensitive cases. In addition, constitutional changes bringing about alignment with European standards and recommendations have still not been adopted in areas such as the independence of the judiciary and other key institutions, Parliament's role in judicial appointments, and political parties' control of parliamentary office. The dominance of the ruling political party over the public sphere and the pressure on independent media, civil society, and the political opposition are indicative of a lack of transparency and represent a challenge to political rights and civil liberties. Serbia's legislative and institutional framework for the protection of fundamental rights is largely established, but human rights institutions are not entirely effective and their independence is questionable. Despite efforts by the European Parliament to facilitate a dialogue between the ruling party and the opposition, to encourage better electoral conditions for the 2022 general election, no major progress was made. Additionally, pressure from the EU to suppress corruption has not yielded results. Although notable cases of corruption have come to light in recent years, high-profile convictions are still extremely rare.

Serbia has ratified all necessary treaties and established good cooperation with international actors. It has positioned itself as the leader when it comes to Western Balkans regional cooperation, with a significant impact on the other participating countries. In the context of the Russia-Ukraine war, Serbian leadership has attempted to maintain neutral positioning when it comes to sanctions on Russia, in an effort to preserve good relations with both sides. Regarding international cooperation in the area of cybercrime, Serbia has established a baseline cyber-security framework in line with the EU integration process and has engaged in a number of European initiatives. The country has a relatively comprehensive legal framework pertaining to organized crime, although implementation is lagging, mainly because of widespread political influence in the policy-making process.

## CRIMINAL JUSTICE AND SECURITY

Judicial authorities and law enforcement in Serbia are unable to investigate and prosecute high-level corruption cases in an unbiased and operationally independent manner. The main obstacles in this area include the assertive approach of the government and the discretionary powers of court presidents and heads of prosecution offices over the work of individual judges and deputy prosecutors. Additionally, the judiciary is under strong political influence. Private sector actors, depending on their connections to high-level politicians, frequently enjoy protection in judicial cases, either by drawing out the legal process, or by securing favourable judicial decisions. Despite this, some progress has been registered in recent years, as the backlog of enforcement cases has been reduced and mechanisms adopted to harmonize court practice. Furthermore, the operational capacity of the Special Prosecutor's Office has been strengthened through training and customized curricula, mostly funded by international organizations such as the Organization for Security and Co-operation in Europe, and through international cooperation with Eurojust.

Law enforcement in Serbia is primarily conducted by the police. A major weakness in law enforcement capacity is the frequent changes in the leadership of investigation departments that result from political loyalty and influence. For nearly two years, the Serbian police has been operating without a director. In addition, widespread corruption and links between criminal networks and authorities hamper investigative efforts and the effectiveness of investigations into the private sector and business. There is no specialized independent civilian police oversight body. Complaints against the police in Serbia are dealt with by the Internal Control Department of the police.

Despite Serbia's landlocked status, which should make it easier to control cross-border organized crime, smuggling and trafficking across the country's borders are enabled by links between organized crime and law enforcement. The Border Police Directorate, a dedicated unit within the Ministry of the Interior, is mandated to deal with border control matters. The EU has financed dedicated projects to build the capacity of the Border Police Directorate and has supported the establishment of joint patrols by Serbian and EU border guards along the borders with Bulgaria and North Macedonia. Officers are deployed to monitor the so-called green border to prevent migrant smuggling and implement appropriate anti-smuggling procedures at the

border crossings. There is an ongoing territorial dispute over the territory of Kosovo, as the country is not formally accepted by Serbia, but trade activities are ongoing.

## ECONOMIC AND FINANCIAL ENVIRONMENT

Serbia is at fairly high risk of money laundering. However, the country has improved measures to combat money laundering and terrorist financing, has demonstrated significant progress in its compliance with Financial Action Task Force standards, and has made slight overall progress. Notably, the government has adopted a new AML/CFT law, passed other relevant laws, and developed its AML mechanisms. Nonetheless, implementation is poor, and Serbia has yet to establish an initial track record of effective financial investigations, as well as investigations, prosecutions, and final convictions in money laundering cases. The biggest challenges in 2021 were related to the fields of the digital economy, cryptocurrency, money transfers over digital and so-called boiler platforms, and the misuse of games of chance in order to legalize funds originating from criminal activities.

Serbia has the highest population and the highest GDP in the Western Balkans. It also has the strongest growth and the largest share of foreign direct investment. The country's unemployment rate is currently the lowest in the region. A combination of political stability, low costs, improving transport links with the EU and its neighbours, and strong human capital have put Serbia firmly on the radar of foreign investors. However, the private sector is underdeveloped and hampered by weaknesses in the rule of law and the enforcement of fair competition. As a result, the shadow economy is still extensive. Despite some improvements, companies still face numerous challenges, including a business environment dependent on political connections, a high level of parafiscal charges, and difficult and costly access to financing. Following the COVID-19 pandemic-related recession, Serbia's economic recovery rate has been higher and faster than expected, mainly owing to the strong rebound in private consumption. Overall, Serbia has a well-developed economy and well-functioning industry, and is host to some important investments.

## CIVIL SOCIETY AND SOCIAL PROTECTION

The Serbian government has decreased its overall protection efforts for victims of human trafficking in recent years. Institutions for the identification, care, and support of these victims do not have sufficient human, spatial, and financial resources and no commitments or finances have been pledged to upgrade these resources. In addition, Serbia's government does not provide adequate support to the NGOs whose resources state institutions often rely

on. The number of identified victims of trafficking has not officially increased in some years, but experts estimate that it has grown nonetheless. Moreover, authorities persist in penalizing victims of sex trafficking, forced begging, and forced criminality with imprisonment, probation, and fines.

Serbia's institutions for preventing corruption broadly meet international standards and continue to show good potential. However, the effectiveness of these institutions is undermined by limited human resources, inefficient data sharing, and a lack of cooperation. Additionally, the government's lack of prioritization hinders their ability to address the issue effectively. In general, Serbia has adequate anti-corruption, crime prevention, and anti-organized crime policies, but the main challenge remains their implementation. Prevention mechanisms are yet to be fully executed, and this process may be being hindered by a lack of judicial and law enforcement capacity. Where human trafficking is concerned, the government has maintained its prevention efforts. Concerning cybercrime, the strategy and action plan for the period 2019–2023 is being implemented. In fact, the provision of human resources for investigations to combat illicit and harmful content on the internet has been further improved. Although Serbia has adopted a law protecting whistle-blowers, the level of protection implemented is almost non-existent. Whistle-blowers are known to face scrutiny, risk losing their jobs, or be detained.

Serbia is a parliamentary democracy with competitive multiparty elections, but in recent years the government has been steadily eroding political rights and civil liberties, putting pressure on independent media, the political opposition, and civil society organizations. In fact, the media is heavily controlled by the ruling party, and there are few independent media outlets operating in the country. Independent journalists are increasingly experiencing pressure, threats, and physical attacks, often at the hands of government-affiliated groups and individuals, with little response from the government. The political pressure imposed on the media, impunity in crimes against journalists, and the control of the media by the government has resulted in a decline in press freedom. Foreign and domestic NGOs generally operate freely, but those that take an openly critical stance toward the government or address sensitive or controversial topics have faced threats and harassment in recent years. Despite this, Serbia's civil society remains robust and continues to do good work in the fight against organized crime.

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