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GENERAL ASSEMBLY

**Meeting of the Economic, Commercial, Technological and
Environmental Affairs Committee**

REPORT*

**“Cooperation in the fight against economic crime in the Black
Sea region”**

Rapporteur: Mr. Andrian-Sirojea Mihei, (Romania)

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I. INTRODUCTION.

1. The Black Sea region is experiencing a period of rapid and significant economic changes characterized by substantial growth in world trade and capital flows, and driven by the increased integration of market economies into the global economic system, trade and investment liberalization and technological development.

2. Taking into consideration these processes the BSEC members-states are facing new challenges in terms of cooperation measures in the fight against economic crimes. Growing economic activity in the region is naturally entailed by increase of criminal activity, especially in its organized forms.

3. In 2003 the Assembly in Chisinau adopted Report and Recommendation 69/2003 on "Cooperation among PABSEC Member Countries in Strengthening Good Governance". In this document the Assembly recommends the parliaments and governments to secure the parliamentary oversight over transparency of the administration and legislative process as a means to increase citizens' confidence in the activities of public institutions and to eliminate bureaucratic sources, as well as to safeguard the principle of objectivity within the state and society and to take every effort to secure that responsibility, honesty and accountability governs executive and legislative branches of government.

4. At its 16th Plenary Session in Yerevan the Assembly considered the problem of corruption and adopted Report and Recommendation 46/2000 on "Legislative Framework for Combating Corruption". In this Recommendation the Assembly, recognizing the problem of corruption as an issue of serious concern, calls the national parliaments and governments to support every step for improvement of the economic-well being of people, promotion of overall development of the countries, strengthening of democracy, deepening of economic integration, eradication of poverty and discrimination, as important prerequisite for the fight against corruption.

5. PABSEC approved Report and adopted Recommendation 15/96 on "Cooperation among the PABSEC Member Countries in Combating Organized Crime" calling member countries to expedite the process of modification of the existing legislation with a view to establish a complex and effectively operative legal framework for combating organized crime.

6. As is seen the PABSEC strategy was to improve the legal framework for the fight against organized crimes, particular the problem of corruption. Taking into consideration the increased risk of appearance of such phenomenon as economic crime in its different and new forms in the region, the Twenty Fifth Meeting of the Economic, Commercial, Technological and Environmental Affairs Committee held in Chisinau on 21-22 September 2005 decided to consider such a topical issue in order to elaborate new principles of cooperation.

7. National contributions have been received from the delegations of Armenia, Georgia, Greece, Moldova, Romania, Turkey and Ukraine. Report is also based on the documents and materials of the BSEC, Council of Europe, European Union and organizations involved in relevant activities (Transparency International, Egmont Group etc.).

II. GENERAL OVERVIEW

8. Economic crime poses a serious threat to economic and social stability being today an omnipresent phenomenon. It is highly organized and has become more international than ever before. Many factors shape the development of economic at national or international levels. One of them is the revolutionary technological development of recent years, which has facilitated the emergence of organized trans-boundary criminal networks.

9. Modern criminal organizations have accrued considerable financial power enabling them to involve human and capital resources, gain privileged access to information, infiltrate political and economic decision-making circles, and launder the proceeds of their activities and foster imperfection of the law.

10. The criminal economy is organized activity, capable of producing huge illegal capitals and power in the same way as any other legal business. Economic crime is diversifying its operations and engaging in ever broader range of activities that include drug-and-arms trafficking, smuggling goods and trading human beings, influence buying, fraudulent commercial practices, computer crime, counterfeiting, theft, corruption and recycling "dirty money". The deregulation caused by economic and financial globalization has facilitated the concealment of criminal activities to certain extent.

11. The crucial aspect of the economic crime is the problem of corruption. Corruption is a multi-structural, large-scale phenomenon with complexity of economic, institutional, social, legislative and political nature. According to the legal definition, corruption is an act done with intent to give some advantage inconsistent with official duty and the rights of others.

12. Corruption is closely related to money laundering - the process of concealing the source of illegally obtained funds for subsequent legitimate use. As financial systems throughout the world become increasingly linked and interdependent, money laundering has become an issue of global concern. It distorts economic data and complicates the efforts of national governments to manage economic policy and stability.

13. Recent global changes in the world have indicated the necessity to fight against the terrorism and its financing, as well as its interconnection with money laundering. It is well-known fact that terrorist organizations use the financial system for their illegal activities. Consequently, nowadays measures aiming at the prevention and deterrence of money laundering block the ways of terrorism financing.

14. So-called “sensitive zones” are one of the important forms of economic crime, contributing to carry on illegal trade and illegal circulation of foreign currency.

15. The international community has set up a series of basic instruments to fight against economic crimes. Four conventions have been adopted by the UN addressing this matter: Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, the Convention against Trans-National Organized Crime, the Convention against Corruption and the Convention for the Suppression of the Financing of Terrorism.

16. The core instrument in the fight against economic crimes is the **Financial Action Task Force on Money Laundering (FATF)** established by the G-7 Summit that was held in Paris on 1989. Recognizing the threat posed to the banking system and to financial institutions, the G-7 Heads of State or Government and President of the European Commission convened the Task Force from G-7 Member States, the European Commission and eight other countries.

17. The Task Force was given the responsibility of examining money laundering techniques and trends, reviewing the action, which had already been taken at a national or international level, and setting out the measures that needed to be taken to combat money laundering. In 1990 the FATF issued a report containing a set of Forty Recommendations, which provide a comprehensive plan of action needed to fight against money laundering. Afterwards the FATF has updated the Forty Recommendations to reflect the changes, which have occurred in money laundering and has sought to encourage other countries around the world to adopt anti-money laundering measures. In 2001 the development of standards in the fight against terrorist financing was added to the mission of the FATF. It should be noted that these Forty Recommendations have been endorsed and recognized as a single international standard by many international bodies, including the International Monetary Fund and World Bank.

18. The Convention of the Organization on Economic Cooperation and Development (OECD) **on Combating Bribery of Foreign Public Officials in International Business Transactions**, which came into force in February 1999, tries to ensure fair trading conditions, especially at international level. It aims at reducing the occurrence of corrupt payments for contracts by sanctioning those who bribe and their accomplices. The OECD is now trying to expand the convention’s scope to the private sector.

19. Over the past years most of the countries have been focusing on creation of the specialized governmental agencies to deal with problem of economic crimes. These entities are commonly referred to as “financial intelligence units” (FIU). Generally, a FIU is a central office that obtains financial information, processes it in some way and then discloses it to an appropriate

government authority. FIUs give particular attention to anti-money laundering activities. Generally establishment of FIUs promotes for providing a rapid exchange of information (between financial institutions and law enforcement authorities, as well as between jurisdictions).

20. In this direction a number of FIUs began working together in an informal organization known as **Egmont Group** (established in 1995). The goal of the Egmont Group is to provide a forum for FIUs to improve support to their respective national anti-money laundering programmes. This support includes expanding and systematizing the exchange of financial intelligence information, improving expertise and capabilities of personnel of such organizations, and fostering better communication among FIUs through application of the new technologies.

21. The Egmont Group has approved the following definition of a FIU as of June 2004:

- a central national agency responsible for receiving (and as permitted requesting), analyzing and disseminating to the competent authorities, disclosures of financial information:

(i) concerning suspected proceeds of crime and potential financing of terrorism or

(ii) required by national legislation or regulation in order to combat money laundering and terrorism financing.

22. Two documents - *Principles for Information Exchange* (June 2001) and *Best Practices for the Exchange of Information* - have been adopted by the Egmont Group in order to enhance information exchange and to provide guidelines in terms of best practices for the exchange of information between FIUs.

III. EUROPEAN FRAMEWORK IN THE FIGHT AGAINST ECONOMIC CRIMES

23. The European Union has adopted the following documents on this problem: **Convention on the Protection of Financial Interests** (1995), and Protocols to the Convention (1996 and 1997); **Convention on the Fight against Corruption** involving officials of the European Communities or officials of the Member States of the European Union (1997); **Directive on the Prevention of the Use the Financial Systems for the Purpose of Money Laundering and Terrorist Financing** (2005). There are also initiatives afoot to harmonise criminal law, covering bribery in the context of the EU, in the form of a *corpus juris* with a supra-national dimension.

24. The **Europol** - set up in 1994 under the provisions of the Maastricht Treaty - is another European Union response to organized crime. In dealing with the full range of the economic crime, Europol focuses on support to police and other investigators in the EU through coordination, exchange and analysis of

intelligence. Europol also participates in the fight against the forgery of money and means of payment. At the same time the Europol has been particularly efficient in large-scale operations involving several EU Member States and where different types of economic crime converge.

25. Within the framework of the Council of Europe the **Criminal Law Convention on Corruption** and **Civil Law Convention on Corruption** were opened for signature in 1999 and entered into force in 2002 and 2003 respectively. Another Council of Europe's landmark document – **Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime** – has become a leading instrument for cross-border cooperation on investigations into money laundering.

26. Following the adoption of the Stability Pact in June 1999, the Council of Europe undertook to prepare a specific programme against corruption and organized crime in South-Eastern Europe – **PACO** – which was launched in December 1999. The objective of the PACO Programme is to strengthen capacities against corruption and organized crime in South-Eastern Europe in accordance with European standards. Thus, the Programme contributes to the implementation of initiatives against corruption, organized crime and trafficking in human beings within the framework of the Stability Pact.

27. The “**Group of States against Corruption**” (GRECO) was set up under the auspices of the Council of Europe in 1999. According to its Statute, the aim of the GRECO is to improve its member's capacity to fight corruption by monitoring the compliance of States with their undertakings in this field. In this way, it will contribute to identifying deficiencies and insufficiencies of national mechanisms against corruption and to prompting the necessary legislative, institutional and practical reforms in order to better prevent and combat corruption. GRECO is responsible, in particular, for monitoring observance of the Guiding Principles for the Fight against Corruption and implementation of the international legal instruments adopted in pursuit of the Programme of Action against Corruption (PAC).

28. In the area of legal and non-legal measures against money laundering the Council of Europe in 1997 created the Select Committee of Experts on the Evaluation of Anti-Money Laundering Measures – MONEYVAL. This FATF-style regional mechanism reviews the anti-money laundering measures and measures to counter the financing of terrorism in the Council of Europe Member States, which are not members of the FATF. Its reports provide highly detailed recommendations on ways to improve the effectiveness of domestic regimes to combat money laundering and terrorist financing and states' capacities to cooperate internationally in these areas.

29. The document “European Neighbourhood Policy” adopted by the European Commission, which described the new challenges and opportunities facing the enlarged European Union in relation to its new neighbours, including the BSEC member states, can be a significant instrument for the cooperation in the fight against economic crimes.

IV. BSEC ACTIVITIES ON THE PREVENTION AND COMBATING ECONOMIC CRIMES

30. The BSEC Economic Agenda defines that resolving the problem of the organized crime, especially in the form of corruption, is important for the establishment of economic environment, attractive to international cooperation and to foreign private investments. It affects the good governance, the terms of fair trade and the social fabric.

31. According to the BSEC Economic Agenda the Member States consider the question of fighting corruption to be a matter of such vital urgency and relevance to all their economies that they have agreed to consult each other closely on the practical measures to be undertaken. To this end, they will meet regularly at expert level.

32. The promotion of the BSEC goals requires an intensification of joint efforts to combat the laundering of money obtained through organized crime, drugs, weapons and radioactive materials illegal trafficking, corruption and other illicit operations such as smuggling of motor vehicles and trafficking of human beings in the region. Developing closer cooperation among the competent authorities of the BSEC countries is a main means of attaining this objective. It is also necessary for the BSEC states to consider implementing the **Forty Recommendations of the Financial Action Task Force (FATF)** on money laundering, and adhering to the Council of Europe Convention on Money Laundering, the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, as well as other pertinent international instruments.

33. With regard to the problem the BSEC Economic Agenda determines actions of the BSEC Member States at three levels:

- **National anti-corruption programs:** building on those programs which already exist, and creating new ones as needed, so as to develop over time the full range of legislation, institutions and practices needed to combat corruption, and to change the perception and mentalities, which nourish it. Increased openness and transparency in government activities, administrative procedures acts, stringent public procurement rules, codes of conduct, improving civil service arrangement and remuneration are just a few examples of the many measures needed, all of which require to be actively implemented.

- **Ethics infrastructure:** introducing an ethics infrastructure in national public services, including more explicit political commitment, stronger legal backing for standards of behaviour, better accountability, workable codes of conduct and developing the means, the institutions and the public interest in society to support such an infrastructure.

- **International action:** joining up with international action in this field, for example by drawing on the advice and assistance of Transparency International.

34. Activities of the BSEC were a forceful step forward, one that is supposed to increase the efficiency of the capacity- building process within BSEC Member States, with an emphasis on the perspectives of the dynamic economic development, rule of law, implementation of “soft” security, alongside with the confidence - building measures, implementation of new technologies and projects in transport and energy areas, development of regional tourism infrastructures and promotion of good governance.

35. Enhancing security, stability and prosperity in the Black Sea region is a challenge that requires strong political commitment and decisive joint action. Since its inception the BSEC pursued the aim of turning the region into one of peace, stability and security. BSEC always had a firm stand against organized crime in all its forms. Organized crime, illicit trafficking in human beings, drugs, small and light weapons, illegal migration, money laundering prevents the sustainable economic growth of the region.

36. The comprehensive legal framework of cooperation in combating organized crime and terrorism developed within BSEC to date provides the basis for the enhancement of practical cooperation among competent authorities of the Member States in the field of combating organized crime and terrorism:

- The Agreement among the Governments of the Black Sea Economic Cooperation in Combating Crime, in particular in its Organised Forms done in Kerkyra (Greece) on October 2, 1998

- The Additional Protocol to the said Agreement establishing a Liaison Officers network done in Kyiv on April 16, 2002

- The Additional Protocol to the said Agreement on Combating Terrorism (Athens, 3 December 2004, entered into force on 16 October 2005);

- The “Statement on the BSEC Contribution to Security and Stability” adopted by the Special Meeting of the Council of Ministers of Foreign Affairs in Istanbul on June 25, 2004;

- The Joint Declaration of the Ministers of Interior on Combating Trafficking in Human Beings (Athens, 3 December 2004)

- The Joint Declaration of the Heads of Competent Authorities for Preventing and Combating Economic Frauds from BSEC Member States (Chisinau, 19 September 2005).

37. **The BSEC Agreement on Cooperation in Combating Crime** is a legally binding instrument providing for cooperation in prevention, suppression, detection, disclosure and investigation of broad range of crimes such as: acts of terrorism; organized crime; illicit cultivation, production, manufacture and trafficking in narcotic drugs and psychotropic substances; illegal trafficking in weapons, ammunition, explosives, nuclear and radioactive materials, as well as poisonous substances; money laundering; smuggling; criminal activities related to migration, illegal crossing borders and illegal trafficking in human beings; counterfeiting and forgery of banknotes, credit cards, documents, securities and other values; corruption; ecological crime etc.

38. **The Additional Protocol on Combating Terrorism** provides for the cooperation among the national competent authorities through established contact points for exchanging information and conducting close cooperation related to: acts of terrorism; terrorist organizations; terrorist attempts aimed against the sovereignty and territorial integrity; acts of terrorism and threats against economic, technological and ecological facilities; organizations and institutions supporting terrorism; illicit trafficking of weapons, explosive substances and devices, nuclear and radioactive materials, chemical and biological weapons; **detected suspected sources and channels for financial, logistical and material support to terrorist organizations and groups.**

39. **The Joint Declaration of the Ministers of Interior on Combating Trafficking in Human Beings** set up concrete measures for the cooperation of the BSEC Member States in the fight against trafficking in human beings, especially in women and children, aiming at: identifying and bringing the perpetrators before justice; assisting and protecting victims; raising public awareness on the dangers deriving from this form of criminality through information campaigns. The ministers agreed to take specific measures for the establishment of a basis of cooperation with the aim of combating trans-border crime of trafficking in human beings, including the organization of regular meetings of experts, joint training and skill enhancement seminars for the personnel involved mainly in operational services and to exchange experience, as well as legislative documents, with the aim of dealing jointly with every form of criminality.

40. The Conference of BSEC Member States on Collaboration in Prevention and Combating Economic Frauds held in Chisinau on 19 September 2005 focused on topics related to activities conducted by the BSEC Member States for the prevention and combating economic frauds. On this occasion a **Joint Declaration of the Heads of Competent Authorities for Preventing and Combating Economic Frauds from BSEC Member States** was adopted as a basis for further practical cooperation among the competent authorities of the BSEC Member States in this direction.

41. The Joint Declaration of the Heads of Competent Authorities for Preventing and Combating Economic Frauds from BSEC Member States stipulates the basis for further cooperation in the implementation of the following joint measures for preventing and combating economic frauds in the Black Sea Region:

a) active participation in the regional activities conducted by BSEC, partner organizations and institutions for the stimulation of exchange of experience obtained as a result of the measures applied for preventing and combating economic frauds, decrease of shadow economy, increasing business integrity and role of civil society;

b) adjustment of the national legislation to international standards;

c) setting integrity standards and control mechanisms for decreasing possibilities of tax evasion within economic activities of every Member State;

d) contribution through common actions to trace out and investigate the criminal activities with trans-national character, eliminating loopholes for economic frauds and trans-border criminal activities, development of economic framework supporting principles of fair competition;

d) enhancing of bi- and multilateral activities among competent authorities of BSEC Member States for preventing and combating economic frauds with the view to enable exchange of information of mutual interest, in particular related to money laundering transactions, as well as tracing suspicious channels and sources used for financial support or any other forms of material support to terrorist organizations;

e) using the capabilities provided by the establishment of the BSEC Network of Liaison Officers and further improving the information exchange mechanisms in accordance with the national and international law on personal data protection.

42. **The BSEC Working Group** on Combating Crime, as subsidiary BSEC body, examines the possible ways for implementing and promoting cooperation based on the Agreement and submits recommendations with regard to the need to create common institutions of cooperation in the sphere of combating crime. **The Liaison Officers Network** functions under the authority of the BSEC WG on Cooperation in Combating Crime and holds its meetings at least once a year. (Five countries – Bulgaria, Moldova, Romania, Turkey and Ukraine have nominated their Liaison Officers so far).

V. BSEC MEMBER STATES IN THE FIGHT AGAINST ECONOMIC CRIMES

43. In *Albania* the prevention of and fight against corruption remain among the highest priorities of the government, which has established two high-level bodies to direct anti-corruption efforts: the Government Commission for the Fight against Corruption (GCFC) and the Anti-Corruption Monitoring Group. The government's current anti-corruption strategy is regularly updated, in

cooperation with all interested parties, including international organizations. In 2003 it focused on specific areas: law enforcement, prevention, public awareness and education, as well as good governance and legislation. The "Action Plan on the Prevention and Fight against Corruption 2003-2004" was adopted by the decision of the Council of Ministers and includes a number of recommendations from domestic experts and international donors. One of the main branches of this Action Plan is the public administration reform.

44. In *Armenia* protection of economic relations is regulated by the Criminal Code. Special chapters of the Code on "Crimes against property" and "Crimes against economic activity" have been modified providing for legal protection of economic relations. According to the Criminal Code, crimes against economic activity pertain to business, money-and-credit, financial and trade spheres. In 2003 the Government adopted "The Programme on anti-corruption strategy and measures on its implementation". It proposes measures to streamline anti-corruption preventive actions in the shadow economy, in tax and customs administrations. It is envisaged that the fight against corruption under this programme is coordinated by the Anti-Corruption Council. The programme furthermore proposes measures aiming at reforms of the legislative framework and its harmonization with international anti-corruption standards. Ensuring judicial independence, repression of corruption occurrences in law enforcement and public management systems, as well as political corruption and civil society participation in the fight against corruption are also emphasized by the Programme.

45. In *Azerbaijan* a legal framework of the anti-corruption strategy began to shape in 1994. It comprises laws and other regulations. The decree "On Enhancement of Fight against Crime and the Strengthening of Law and Order" issued in 1994 provided specific instructions to authorities aimed at uncovering bribery acts. Furthermore a specialized department for fight against organized crime and corruption has been established within the Ministry of the Interior. To enhance legislation and public administration a decree "On Strengthening Fight against Corruption" was signed by the President of Azerbaijan Republic in 2000. Under the Decree a special state programme for fighting against corruption has been elaborated to provide for a range of practical measures aimed at controlling corruption. Besides in early 2004 a Law "On Fight against Corruption" was passed which is designed to strengthen the capacities and powers of state institutions in detection and suppression of corruption offences, eliminating negative effects of corruption, guaranteeing social justice, human rights and freedoms, creating favourable conditions for economic development.

46. In *Bulgaria* the government adopted a comprehensive National Strategy on Combating Corruption. Its objectives include the modernization of public administration, introduction of anti-corruption measures within the judicial system, improvement of tax and financial control, strengthening of anti-

corruption cooperation among the public institutions and of international cooperation. In pursuance of the National Strategy an Action Plan was approved setting up a precise schedule and designating bodies responsible for the Strategy's implementation. A Commission on Coordination of the Activities in the Field of the Fight against Corruption was established as a supervising and coordinating authority tasked with analyzing and summarising the information on anti-corruption measures and making proposals to improve their effectiveness.

47. In *Georgia* the Law on Conflict of Interests and Corruption in Public Service adopted in 1997 deals with the prevention and suppression of corruption. In 2005 the National Action Plan on Anti-Corruption Strategies was endorsed. The Action Plan reflects the following provisions: improvement of the anti-corruption legislation, development of the oversight system for monitoring high officials, intensification of the privatization of state property and enterprises ensuring maximum transparency of this process, judiciary and law enforcement reforms, further improvement of tax administration and implementation of the experience of international organization.

48. In *Greece* fight against corruption is one of the political priorities, especially in the public administration. Notwithstanding the fact that there is no anti-corruption plan or general strategy the Greek government has made successive public service reforms, which laid emphasis on ethical requirements and quality of service. This is reflected in a number of laws, passed in recent years and the establishment of special bodies to monitor the implementation of these laws. These are the several laws to counteract corruption, including in the field of judiciary and public procurement. New laws are to be adopted such as the new anti-money laundering law and the law establishing a new centralised system of registration for legal persons.

49. The legislation of *Moldova* does not specify the concept of economic crime, but the Criminal Code possesses the special chapter titled "Economic offences", which enumerates such crimes, as money laundering, production and circulation of false money and securities, tax evasion etc.. It is necessary to note the following activities at national level in Moldova: Law „On preventing and combating money laundering and terrorist sponsoring” adopted in 2001; Decision of the Government of the Republic of Moldova “On intensifying the activity for customers defence”, by which the law enforcement bodies were given the responsibility to carry out some concrete measures oriented towards increasing the efficiency of combating new kinds of economic offences; National strategy on preventing and combating corruption and National action plan for accomplishing the National strategy on preventing and combating corruption, adopted through the Parliamentary Decision in 2004.

50. In *Romania* economic crime is currently classified as unlawful acts perpetrated in the fields of industry, agriculture, mineral resources, communications, banking, insurance, leasing, financial investment funds etc. It should be noted that Romanian legislation defines unlawful act related to protection of the EU financial interest also as an economic crime. In this regard the government adopted National Anti-Fraud Fight Strategy protecting EU financial interests. Law enforcement in preventing and countering economic and financial crime is currently supported in Romania by the following national strategies: National Anti-Corruption Strategy for 2005-2007, National Strategy for countering organized crime during 2004-2007, Crime prevention National Strategy for 2005-2007, National Strategy in the field of intellectual property (2003-2007), Strategy to modernize Romanian police for the period of 2005-2007. At the level of Romanian police the "Anti-Fraud Sectoral Programme to combat against corruption, fraud and intellectual property right protection" has been developed.

51. In *Russia* national policy on the fight against economic crimes is realized with consideration of economic situation in the country, liberalization of current economic legislation and reduction of the powers of state bodies monitoring economic activity on regional and federal levels. National policy is focused on problems of corruption, funding of terrorist groups, prevention of production of the counterfeited and forged goods, crimes in banking sector and tax evasion. According to statistical data, considerable quantity of economic frauds were revealed in financial and credit system and external economic links. The basic state body involved in the fight against economic crimes is the Federal Service on Economic and Tax Crimes (FSETC) of the Ministry of Interior. The major objective of the FSETC and its regional units is to suppress and reveal cases of the embezzlement of budgetary funds. In 2005 the Ministry of Interior of the Russian Federation carried out complex of measures directed to suppression of circulating counterfeited medical products. Moreover the Ministry of Interior closely cooperates with the Counting Chamber of the Russian Federation in the elaboration of joint action plan for realization of control and preventive measures in the field of economic crimes. Legal basis for this cooperation is regulated by the Federal Law "On Counting Chamber of the Russian Federation" and "Agreement on interaction grounds between the Counting Chamber of the Russian Federation and the Ministry of Interior of the Russian Federation".

52. Considerable efforts on prevention of economic frauds and corruption, development of public administration have been made in *Turkey*. The commitment to this issue has been set forth in various contexts; annual programs, EU National Programme and the Programme to Strengthen the Turkish Economy emphasize the principles, aims and priorities in providing transparency and effectiveness in the public sector. In the framework of fight against corruption a plan and working report have been prepared on prevention of corruption and increasing transparency in the public sector as a result of the study continued over more than one year, the "Action Plan on

increasing transparency and enhancing good governance in the public sector” – in the form of decree - was adopted by the Council of Ministers in January 2002. An Emergency Action Plan was announced by the Government in January 2003. The goals have been determined in the scope of public administration reform and in the context of combating corruption in the Emergency Action Plan. A Committee of Ministers and Technical Board composed of related bureaucrats have been established in order to realize the objectives mentioned in Emergency Action Plan of Government and Turkish National Programme. Commission has recently focused on restructuring the public administration, strengthening the local governments, diminishing bureaucratic formalities in public administration, eliminating the opportunities of corruption, providing fiscal discipline and transparency in public administration. Turkey has achieved significant legislative progress in combating economic crimes through adoption of a new Penal Code and a new Code of Criminal Procedures. The new Penal Code contains provisions concerning bribery, abuse of power fraud and embezzlement. The Code also introduces the concept of liability of legal persons in cases of corruption.

53. The strategy of the government of *Ukraine* includes the following directions: a) ensuring realization of the principle of check and balances in legislation with regard to all branches of state power in order to establish the mechanism of responsibility for committed crimes; b) application of the unified conception of reforming bodies of pre-trial investigation and optimization of units dealing with economic crimes in frames of law enforcement bodies; c) establishment of the efficient mechanism of financing law enforcement bodies with the view to mobilize resources for fighting against economic crimes. Presently Ukraine is carrying out measures on: adoption of “flexible” legislation, intensive cooperation with international organizations on elaboration of coordinated activities in the field of fighting against economic crimes; holding of the permanent monitoring activities, which covers informational and analytical work on registration of economic crimes, their consequences and conditions, methods of counteraction to economic crimes; application of the new technologies by the law enforcement bodies. Priority issue for the Ukrainian government is to decrease shadow economy in its most profitable sectors and prevent budget losses arising from corruption and bribery.

54. Establishment of the FIU’s by the majority of the BSEC Member States is the satisfactory aspect in their national policy. Apart from it in some member states the FIU’s are functioning as independent units. The following FIU’s were established in the BSEC Member States:

- 1) In *Albania* the **Directorate of Coordinating the Fight against Money Laundering** (2001).
- 2) In *Bulgaria* the **Bureau of Financial Intelligence** (1998).
- 3) In *Georgia* the **Financial Monitoring Service** (2003).
- 4) In *Greece* the **Competed Committee of Article 7 of the relevant Law** (1995).

- 5) In *Moldova* the **Centre for Combating Economic Crimes and Corruption** (2002).
- 6) In *Romania* the **National Office for Prevention and Control of Money Laundering** (1999).
- 7) In *Russia* the **Financial Monitoring Committee of the Federation** (2002).
- 8) In *Serbia and Montenegro*: the **Federal Commission for the Prevention of Money Laundering** (Serbia, 2002) and the Administration for the Prevention of Money Laundering and Terrorism Financing (Montenegro, 2003).
- 9) In *Turkey* the **Board on Investigation of Financial Crimes** (1997).
- 10) In *Ukraine* the **State Department for Financial Monitoring** (2002).

VI. CONCLUSIONS

55. Analysis of the national strategy in the BSEC Member States shows that during last decades it has been unified in many directions regarding the fight against economic crime. Nevertheless each Member State has certain priorities on the issue depending on official policy of the states. Besides the constitution and criminal codes, which are the main legal sources, majority of Member States have made a focus on the fight against corruption, anti-money laundering measures, tax fraud and evasion and adopted a number of specific laws. Moreover, a number of countries modified their legislation in order to comply with global challenges. Last developments have indicated strong commitment of the member countries to cooperate with international structures.

56. Economic frauds in their organized form impede the economic development and the establishment of an economic environment attractive to international cooperation and to foreign investments. Economic crime has grown considerably in the Black Sea region, especially such phenomenon as money-laundering and corruption. This factor threatens to the economies of the BSEC Member States undermining stability and security of the region.

57. The cooperation with other international organizations is very important for improving efficiency and transparency of measures directed to the fight against economic crimes. The experience of EGMONT group, Council of Europe (including GRECO group) and UN should be examined and applied more closely. Even though the BSEC has done a considerable work in the fight against economic crimes the necessity of enhancing regional cooperation among relevant authorities of the Member States is obvious. This cooperation can be expressed through exchange of information and experience, organization of training for specialists, joint activities to trace out and investigate crimes with trans-national character eliminating loopholes for economic frauds.

58. In spite of the fact that tangible and important activities have been realized by the BSEC, cooperation between the non-governmental organizations on the issue is still weak. Active involvement of the non-governmental sector in the fight against economic crimes, particular monitoring of the problem of corruption at national level, is a very significant aspect.

59. During recent years the BSEC region has become an immediate neighbour to the European Union. Presently one BSEC member-state (Greece) is a member of the EU, Bulgaria and Romania are expected to join it in 2007. Turkey recently has started negotiations on full membership to the EU. Consequently, the boundaries of the enlarged Europe will cover a significant part of the region. Figuratively speaking the EU will become a major partner in the BSEC. Thus, BSEC should play an important role in providing needed links between the enlarged Europe and all the BSEC Member States in common activities against economic crimes. Additionally, the strategy of the European Union in combating economic frauds is a very necessary instrument for the BSEC in its future activity.

60. Realization of joint projects aiming at insuring stability, security and economic development in the region against a background of deepening political dialogue and building confidence atmosphere will promote more efficient implementation of the BSEC Economic Agenda and provisions of the BSEC Charter.