

The Global Observatory of Transnational Criminal Networks

Human Trafficking for Prostitution and Sexual Exploitation in Bulgaria I

No. 21

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Disclaimer

The facts and the analysis presented herein are sustained in documents and interviews exposed in mass media and judicial records related to the criminal networks analyzed. No primary information uncovering facts has been gathered, which means that only secondary sources were consulted, from legal to media documents. In the case of the names mentioned, quoted or referenced on indictments—with the exception of those specifically mentioned, quoted or referenced in the text as definitively condemned-, the presumption of innocence, in observance of individual rights is always preserved.

The judicial truth is the jurisdiction of the courts, which by law will decide whether the defendants are innocent or guilty.¹ It is stated that belonging to, participating in, being connected to, or appearing on a network, as analyzed herein, does not imply having committed a criminal act or being engaged in a criminal enterprise. It is always possible to belong, participate, be connected, or appear on a network as an agent promoting interests that are socially and institutionally beneficial, or as a result of coercion, among other reasons unrelated to criminal acts committed by the agent.

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Purpose of the Document

The following text aims to give a brief introduction to the phenomenon of human trafficking for sexual exploitation in Bulgaria. It presents key data on the country and its black markets, making a specific stress on sex services. The information is structured around the following topics:

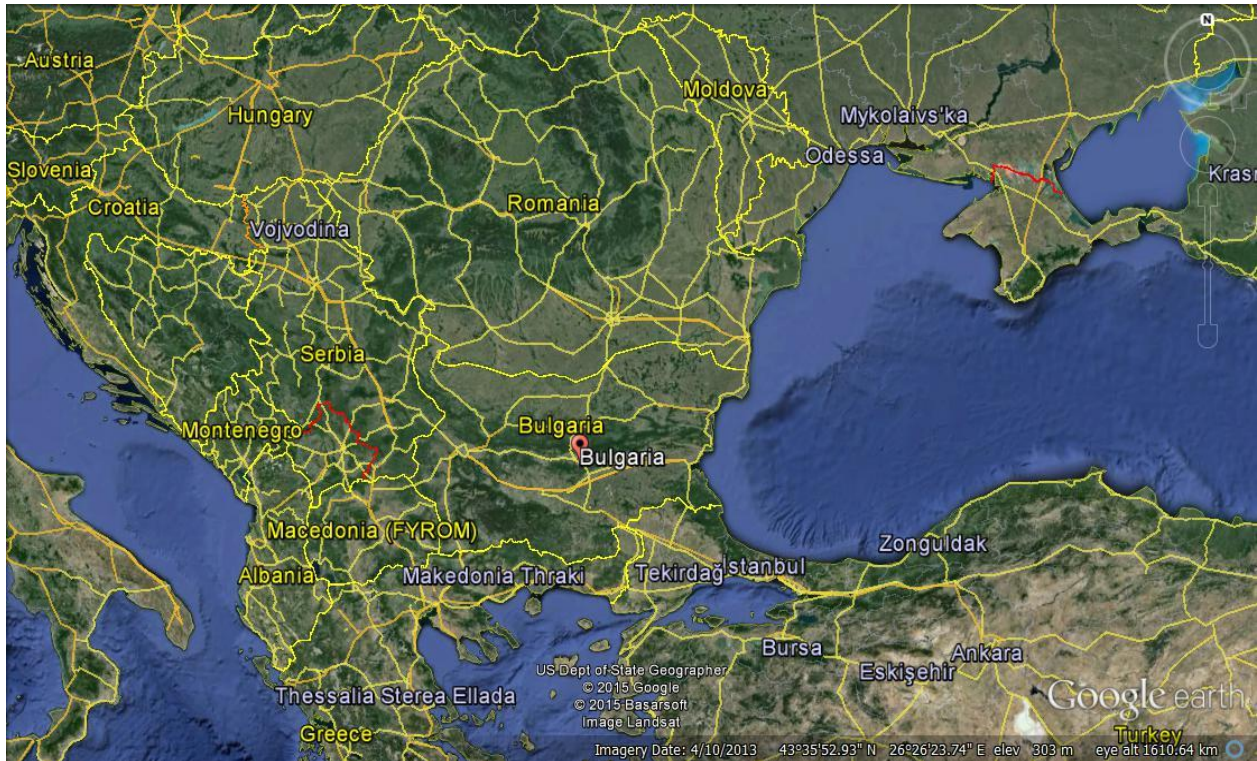
- (i) General economic, social and political context with respect to human trafficking.
- (ii) Quantitative data about trafficking for prostitution and sexual exploitation and related activities.
- (iii) Qualitative data about human trafficking for prostitution and sexual exploitation.

1. General Background: Bulgaria at the Crossroads - Geography, Economy, Society, Politics

Geography

Since the age of the medieval Bulgarian kingdom (7th century), through the emancipation of the modern state from the Ottoman empire in 1878, till the recent transformations from a loyal communist republic into a NATO ally and an EU member, the history of the land and its people is marked by its peculiar position to be a contact point between the East and the West. On one hand this is a matter of geography: the country is located at the center of the Balkan peninsula, dominating the important Orient/Eastern Mediterranean Corridor from Northern Europe to Asia. On the other, it is the crosspoint where the civilizations of Turkey, Russia and the West meet for exchange or competition. The accession to the EU in 2007 made Bulgaria an important element of the Europe's Customs Union: serving as an external border and at the same time opening its territory to other member states for free movement of goods, workers, services and capitals.

Figure 1. Bulgaria in its Geography



Source: Google Earth

Geography has modeled the structure of the black market in Bulgaria. Smuggling of drugs, cigarettes and oil represent significant shares of it¹. Local criminal rings practice both: the transit of illegal goods, but also export of home “production”. The picture is especially distinctive in the case of drug trafficking: The country serves as one of the gates for Afghan opium on its way to the European markets. In the same time it appears as a net producer of amphetamines. The situation does not differ much with regard to trafficking in humans. The 2014 Trafficking in Persons Report² indicates that “Bulgaria is a source and, to a lesser extent, a transit and destination country for women and children who are subjected to sex trafficking”. The specific position between Europe and the Near East, the good geographical conditions for sea and ski resorts attract numerous foreign tourists and indirectly stimulate the domestic market for sex services. The freedom of movement, residence and work around the European Union, enjoyed by Bulgarian citizens since 2007, allow for easy access

¹ Rough estimates of black market shares in Bulgaria are available at: <https://goo.gl/DM9EH0>
2014 Trafficking in Persons Report - Bulgaria.

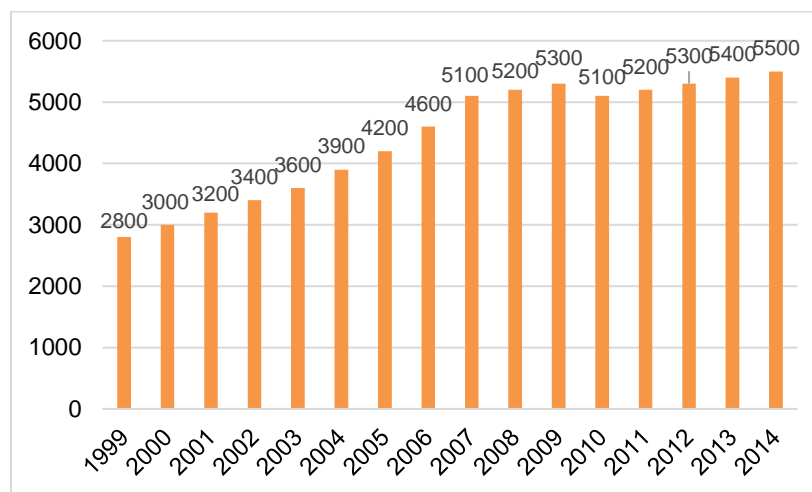
of Bulgarian sex workers to the brothels of other EU countries, namely Greece, Germany, France, Belgium, the Netherlands, Austria, Spain and Italy.

Economy and Social Implications

The geography at the southern border of the European Union influences the profile of black markets. In a similar way during the last decades the economy of Bulgaria *was at the border* (frequently called ‘transition’) between the communist regulatory regime and the free market. In the 1990s the national property (predominantly state) was privatized in a series of bold, ill-planned and socially painful reforms. The last decade of XX century brought a collapse of the bank system, hyperinflation, unemployment and emigration waves. Organized criminal groups participated in sometimes violent redistributions of assets. Corruption became an endemic problem for the national political elite.

In the beginning of 2000 however a gradual recovery began. The financial system was stabilized through the introduction of a “currency board” in 1997, which is currently active. Most violent forms of organized criminality e.g. racketeering, extortions and car theft were brought under control. The country started the implementation of a series of convergence criteria which eventually resulted in the successful accession to the NATO military alliance (2004) and the European Union (2007). The overall business climate improved and a steady growth of the GDP almost doubled its size in comparison to the mid-nineties.

Figure 2. Bulgaria GDP 1995-2014



Source: Eurostat. Available in: <http://goo.gl/ldIC5g>

In this process of transformation the profile of the Bulgarian economy changed radically. Heavy and chemical industries and metallurgy, in which the country specialized within the Soviet block, shrunk significantly after state subsidies ceased and assets were sold out. Services and agriculture on the other hand register constant growth. Tourism accounts for 13,6 % of the GDP³. ICT sector is booming with shares of up to 6,8% of the GDP (2011)⁴. According to the AKAMAI State of the Internet Report for the last quarter of 2014 Bulgaria is leading in the world ranking list in respect to the number of internet users accessing the net with speeds above 4MBps⁵.

The optimistic picture of a growing economy should be reviewed cautiously. Reforms came at a high social price and development is characterized by deep regional disparities. While some districts benefit from the internal migration and investment (e.g. Sofia area, the seaside Varna and Bourgas areas), others lag behind. The Northwestern Region is notorious for being the poorest in the EU. As a whole Bulgaria occupies the last positions in the European statistics related to social welfare. Bulgarian workers are granted the lowest minimum wages in the Union (184 € per month for 2015). The total expenditure on social protection per capita of 695 € in 2012 is twice as less as the same indicator in other post-communist countries with a similar profile like Lithuania and Latvia⁶. And, though unemployment rates are close to the EU average (11,2% compared to 10,2% for EU), the overall life satisfaction in Bulgaria remains at the bottom of all 28 member states (2013)⁷. The striking 48% of the total population is assessed to be at risk of poverty of social exclusion⁸. In addition to the regional disbalances the ethnic structure of the population is becoming increasingly complex. The results of the last 2011 census show that around 5% of the population belong to the Roma minority group. Their community is plagued by poverty, low access to education and high unemployment rates. The ratio of Roma suspects in the crime statistics for 1999-2004 varies between 20 - 30% of the total number of suspects⁹.

³ Ministry of Economy and Energy, 2013, *quoted in news.bg*. Available in: <http://goo.gl/ey1Nqc>

⁴ Tech News (2012) Top 100 ICT companies in the country made 6.8% of GDP [Available in Bulgarian in: <http://technews.bg/article-27910.html>].

⁵ AKAMAI's State of the Internet Report, *quoted in capital.bg*. Available in: <http://goo.gl/SLV07Z>

⁷ Eurostat Newsrelease (2015) *Facts and Views about the Quality of life in the EU*.

⁸ Eurostat - *People at risk of poverty and social exclusion*. Available in: <http://goo.gl/e5XnGL>

⁹ Ministry of Interior, *quoted in capital.bg*. Available in: <http://goo.gl/qEAKKT>

The described shortcomings of the legal labor market to provide adequate living conditions for large social strata nurtured the growth of vast gray and black sectors within the economy. To understand their true nature we need to have a look at the political and institutional framework they are set in.

Politics and Institutions

Bulgaria, monarchy till 1945, is now a parliamentary republic with executive power in the hands of the council of ministers, legislative prerogatives entrusted to the parliament (National Assembly) and an independent judicial system, supervised by the Supreme Judicial Council. The institution of the president has mainly representative functions, but preserves some rights related to vetoing decisions of the National Assembly and to the appointments in the army and the secret service. The electoral process is frequently discredited by vote-buying. This creates conditions for business and political dependencies, twists the integrity of the public procurement and eventually facilitates the infiltration of serious criminal interests in the state ("state capture"). Similar phenomena are widely spread in the law enforcement and the judicial system. To handle this process the European Commission put the country under the scrutiny of the "Coordination and Verification Mechanism" (CVM). Annual reports produced under the CVM are meant to monitor the progress in the judicial reform and the fight against high profile corruption. In practice little improvement has been recorded since the accession of the country to the European Union in 2007. As a result Bulgaria is still excluded from the Schengen Area, an internal EU agreement where border controls between member countries are completely eliminated.

2. Quantitative Dimensions: Crime Rates, Sex Market, Trafficking for Sexual Exploitation

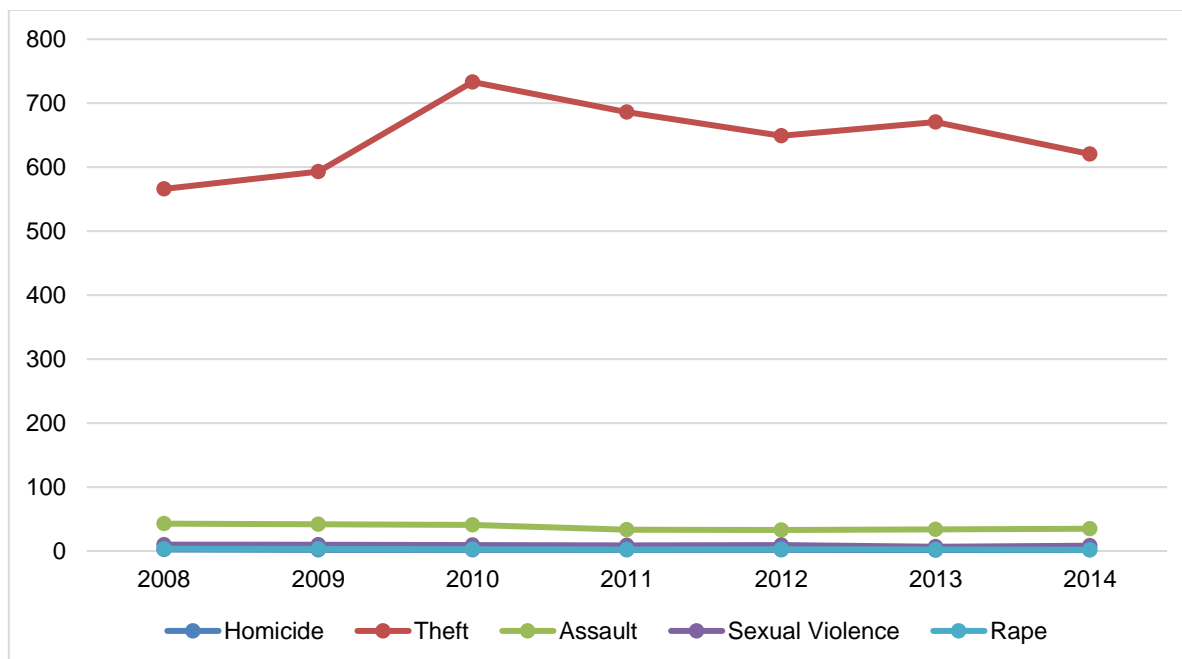
Crime and Law Enforcement - General Statistical Overview

It is not an uncommon conclusion that the quantitative data about Bulgaria is not capable of describing the dynamics of the criminal world. The 'State of Crime Report' published by the Center for the Study of Democracy in 2010 claims that "police states often twist the actual picture of crime"¹⁰. In reality a number of victims do not approach the police or the police

¹⁰ Center for the Study of Democracy (2010) *National Crime Survey*

does not register a certain number of crimes - phenomena that twist the indicators. What figures hint however is that crime rates decrease steadily since the peak in the 1990s and are reversely proportionate to the curve of the country's economy. Collapses at the national markets, such as ones in 1996-1997 and 2009-2010 (the global economic crisis) were accompanied by waves in the criminal statistics.

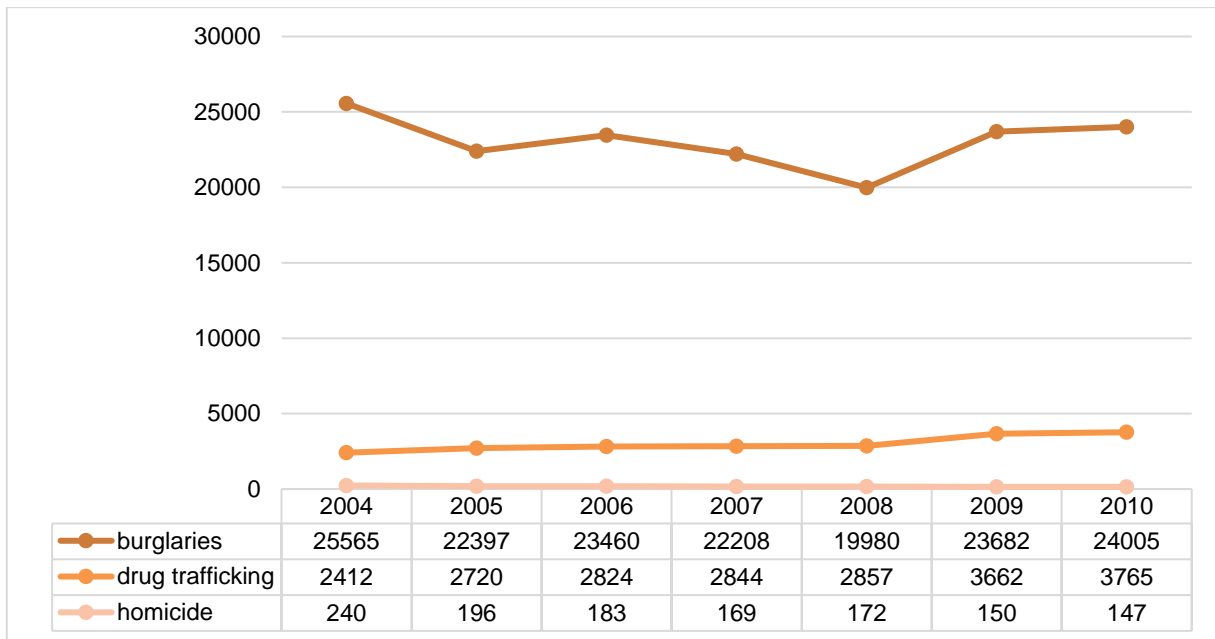
Figure 3: Number of Recorded Crimes per 100,000 inhabitants 2008-2014



Source: Eurostat. Available in: <http://goo.gl/kI0XN3>

Fluctuations in the national economy influence not only the volume, but also the typology of crime, have been registered. Observing the crisis years 2009-2010, the State of Crime Report underlines that limitation of purchasing power, as an economic factor, led to: 1) increase in crime against property: burglaries, theft; and 2) fall in the domestic black markets of 'luxury commodities': drugs, prostitution, stolen luxury cars. Available data however reveals that both - crimes against property and drug-related criminality- increased with the development of the economic crisis. At the same homicide continued its slight decrease undisturbed by fluctuations in the economy.

Figure 4: Crisis and Crime



Source: Eurostat. <http://goo.gl/kI0XN3>

The general trend of a decreasing criminality might seek further confirmation in the figures related to the convictions. For the recent period 2011-2014 the number of punished criminals has dropped from 41 013 in 2011 to 30 019 in 2014¹¹. The logic behind these optimistic observations must go beyond the hypothesis that law enforcement system has improved its efficiency. The natural demographic reduction of the population, combined with the slow recovery from the global crisis offer more plausible explanations. In fact, there is an on-going debate on the inertness of the Ministry of Interior and the Judicial system to improve their structures and functions.

Criticism is partly targeted at the personnel numbers. Police have more employees than other EU countries with similar demographic profiles (See figure 6), but their performance is not satisfactory. Surveys on physical security and perceptions of corruption show that the Bulgarian society is still plagued by extremely high levels of insecurity and distrust in the institutions. According to the Transparency International Corruption Perception index for 2014 the country ranks 69 among 175 participants, sharing the last position in the EU together with Greece, Italy and Romania¹². The Eurostat quality of life indicators contains

¹¹ National Statistical Institute. *Statistical Reference Book 2015*. Sofia, 2015

¹² Transparency International (2014) Corruption perceptions index. Available in: <https://goo.gl/iCz9Ep>

i.a. data about the percentage of the population that have experienced “crime, violence and vandalism in the area”. Bulgaria ranks at the top for both years included in the survey - 2008 and 2011 - with about 25% of the citizens encountering violence or crime¹³.

Sexual Exploitation and Prostitution - in Figures

Victims. Trafficking in human beings (THB) in Bulgaria is oriented predominantly to the sexual exploitation of the victims. It is recognized as one of the most profitable enterprises of the local organized criminal groups¹⁴: The initial investments are low and the projected profits are high. Despite that start-ups are launched by black market entrepreneurs based in Bulgaria, they tend to expand their business abroad, where clients become wealthier on the way west-northwest. Thus the activities of the local mafia transform into a transnational challenge. Therefore, Bulgaria continues to be quoted as one of the main sources of trafficked women for the Western European sex markets, along with Romania, China and Nigeria.

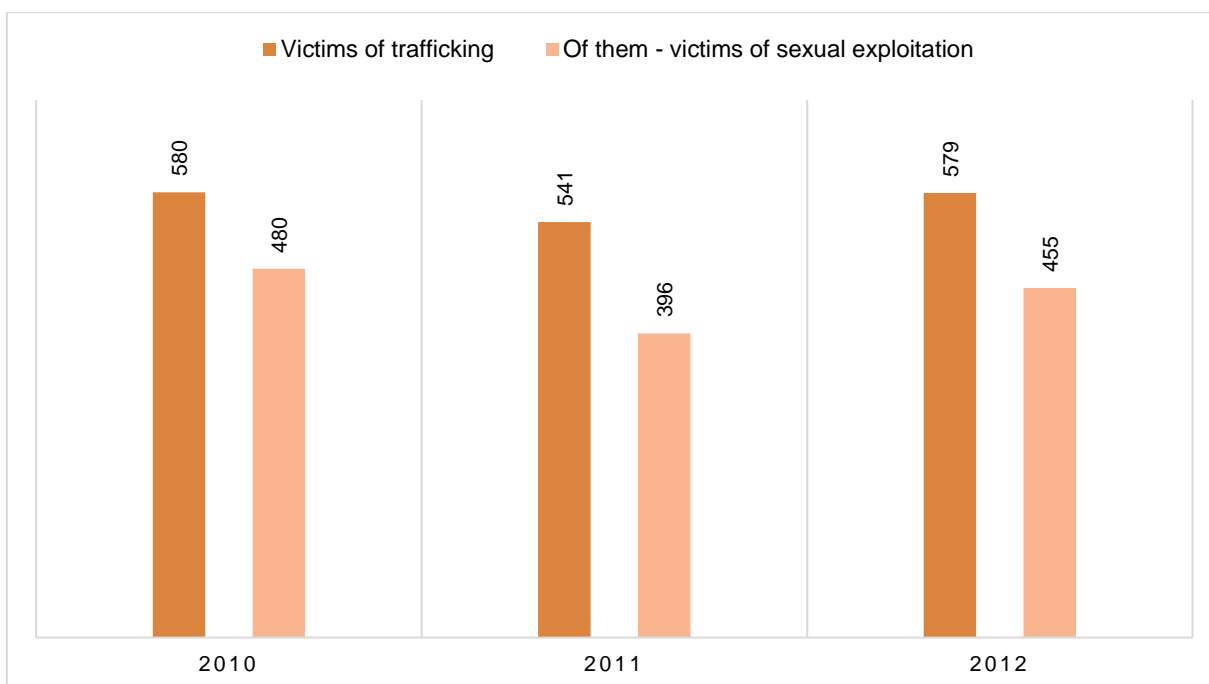
The number of victims of trafficking for sexual exploitation and prostitution per 100 000 inhabitants is one of the highest in the EU – 7,7 in 2014 (with a stable trend of 7,8 - 7,9 during the previous years) while only the Netherlands has a similar number of 7,9 per 100 000¹⁵. The persons registered in Bulgaria are exclusive of Bulgarian origin. Across the EU out of 30 146 victims of trafficking during 2010 - 2012, 1 700 were Bulgarians. There are no significant changes in the number during the last 3 years. Since sexual exploitation is the main drive behind the trafficking, it is exclusively women who become victims of human trafficking. The ratio male victims/female victims for Bulgaria is 1,9:13,1, which is the biggest disproportion in whole Europe. Bulgarian organized criminal groups are also specialized in trafficking in humans for forced labor, begging and pickpocketing, for the purpose of organ removal and for sale of newborn babies

¹³ Eurostat. Quality of Life Indicators - Economic and Physical Safety. Available in: <https://goo.gl/oAd9sSj>

¹⁴ Petrunov, G. 2009. *Money Laundering from Human Trafficking*.

¹⁵ Eurostat, 2014. *Trafficking in Human Beings*.

Figure 6. Victims of Bulgarian Origin in the EU 2010-2012



Source: Eurostat. Available in: <http://goo.gl/kI0XN3>

It is important to note that the figures in the statistic reflect the officially registered victims, which means that the actual number should be significantly higher. Local NGOs try to make their own calculations. “Animus Association” Foundation, for example, estimated that about 10 000 Bulgarian women become victims of trafficking each year. Another study¹⁶ sets the number of Bulgarian prostitutes or sex workers abroad at 18 000 – 21 000. A research¹⁷ that combines the method of expert assessment by regions and the general number cases reported shows that the victims of sex trafficking abroad are between 8 000 and 12 000. Despite the differences between sources it is visible that the sexual exploitation is the most frequent drive behind the trafficking (80-95% of all cases).

Perpetrators. Bulgarians are involved in trafficking not only as victims, but also as offenders. Europol¹⁸ reports that organized criminal groups have the resources to control the entire trafficking process – from recruitment and running brothels to money laundering from the criminal proceeds. A gang usually maintains operational bases in several EU member states

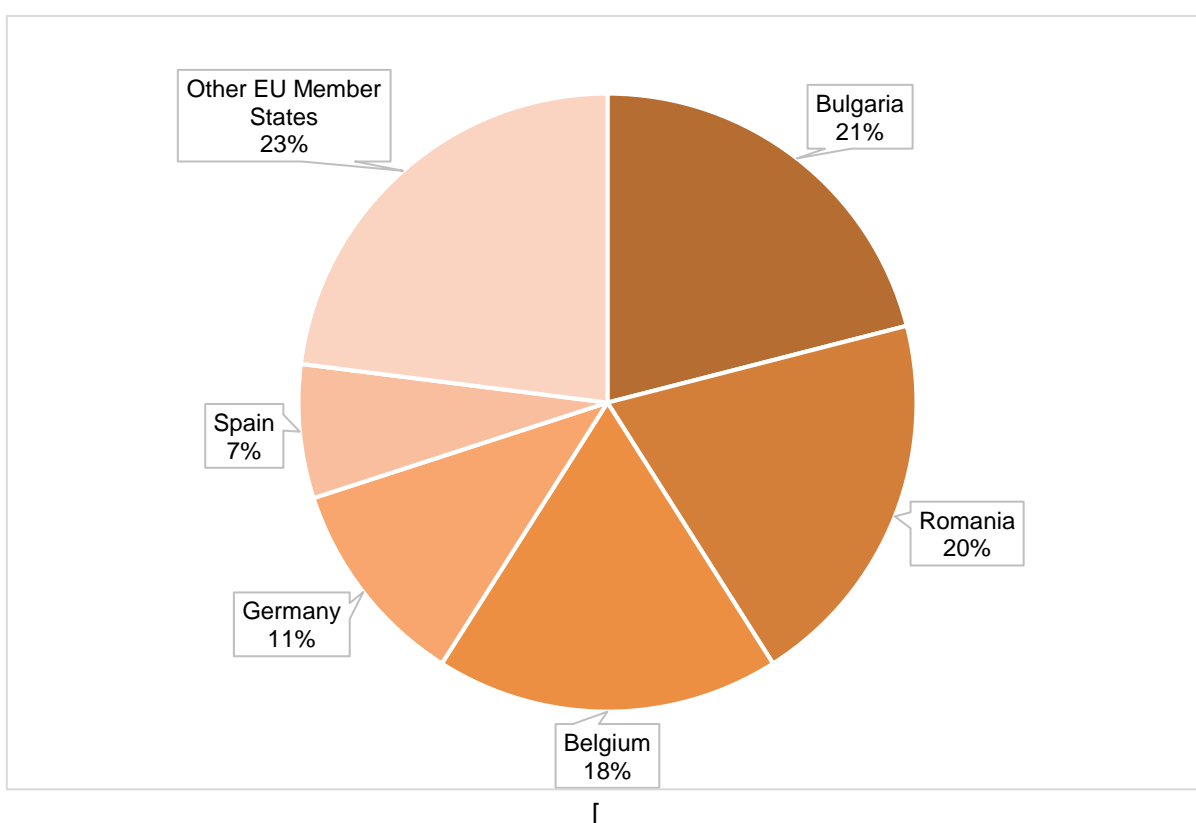
¹⁶ Bezlov et al., 2007. *Organized crime in Bulgaria: Markets and Trends*. CSD, Sofia

¹⁷ Petrunov, G. 2009. *Money Laundering from Human Trafficking*

¹⁸ Europol. 2011. *Ibid.*

which allow for agility in their business strategies and high mobility of the illegal activities. The advantage of the EU passports guaranteeing free movement within the EU significantly facilitates organized criminal networks. Bulgarian mafia rings are one of the most frequently reported by police along Albanians, Russians, Romanians, Nigerians, Hungarians, Turkish and Chinese. In addition Bulgarians are branded as “one of the most threatening for the society as a whole”¹⁹. The number of suspected traffickers of Bulgarian origin is the highest among the EU nationals, exceeding in absolute quantity even the Romanians (while Romania has about 24 million inhabitants in comparison to Bulgaria’s 7 million).

Figure 7: Suspected Traffickers Holding EU Citizenship in % (2010-2012)



[Source: Eurostat - Trafficking in Human Beings, 2014]

Although combat against THB has been declared a top social priority by the civil society organizations and public institutions, the constant series of convictions through the recent years shows that law enforcement and judicial system have been incapable of increasing their efficiency to prosecute the offenders. The number of convicted traffickers in Bulgaria for 2010 is 120, 125 for 2011 and 109 in 2012. In comparison, Romanian courts have put in

¹⁹ Europol, 2011. *Ibid.*

prison 415 traffickers in 2010, 480 in 2011 and 536 in 2012. Possible explanations might be searched in the way organized crime in Bulgaria is managing its business, benefitting from peaceful coexistence with corrupt institutions.

3. Trafficking in Humans for Sex Services: Qualitative data

Organized Crime in Bulgaria

Researchers qualify organized crime (OC) in Bulgaria as one of the main beneficiaries of the collapse of the Communism (in late 1989). After 1989 due to the chaos and the inability of the state to guarantee citizens property and security, organized crime became a part of daily life. It rooted deeply into the social tissue, mimicking legal economic and other activities, putting the legal business in an unfair competition²⁰.

The origins of the organized crime during the transition period are usually related to the former communist elite. It is functionally tied to the redistribution of the national resources and wealth, which were previously exclusively owned by the state. An important trait of the organized criminal groups during that period is the sports' biography of their members, both bosses and henchmen (usually wrestling, boxing and other martial arts²¹). The other important pool of cadres for the OC is the former officers from the National Security. There are numerous cases of former sportsmen and special police officers who in a fortnight became heads of huge corporations.

Imperceptibly mafia-style enterprises entered into symbiosis with the economic and political structures²². Furthermore they were legitimized through the newly established democratic institutions and took a leading role in the initial build-up of the national capital²³. Profound corruption of state body at all levels was the inevitable side-effect of this process. During the years since the fall of the Soviet block three major types of criminal entities evolved: 1) Structures relying on violent control 2) High-risk enterprises 3) Oligarchic structures²⁴. The

²⁰ Stankov, B. 1992. Organized crime – problems, prevention and control. In: *Organized crime – problems, prevention and control*. Sofia

²¹ Raichev, A. and K. Stoichev. 2004. *What happened? A story about the transition in Bulgaria 1989-2004*. East-West, Sofia

²² Peikov, T. 2001. *Deviant menadgement*. Yanus, Sofia

²³ Bezlov et al., 2007. *Organized crime in Bulgaria: Markets and Trends*. CSD, Sofia

²⁴ Bezlov et al., 2007. *Ibid*.

scholarly typologies must be used cautiously: criminal structures frequently combine elements of different types and transform adapting to the changing surroundings. For example violence was a universal method during the early, formative years, while later most survivors of the harsh competition turned to semi-legal forms of developing business. “The lizard has cut its tail” said the oligarch Ilya Pavlov, who ironically was assassinated just when the black economy started to acquire milder habits.

In the last decades Bulgarian mafia gradually shifted its deals from racketeering and forced protection, giving way to renowned international insurance brokers and professional security companies. Following the economic changes in locally and globally, Bulgarian mobsters proved to be agile opportunists in terms of running activities that yield enormous financial return. Among them: trade and trafficking in drugs, car theft, illicit trade in antiquities. Smuggling and organized prostitution take an important place in their portfolio and intend to grow upon the increased purchasing ability of the citizens.

Functional and organizational changes go hand in hand. Hierarchical, centralized forms dissipate into complex networks, able to implement tasks, related to black, gray and legitimate clusters of the market²⁵. Also, although the involvement of officials and public servants is also obvious, as a requirement for the operation of some of these criminal networks, the judicial investigations and prosecutions tend to omit such involvement.²⁶ The shady interaction and dependencies between political elite, oligarchs and organized criminal units of various types, although frequently discussed in the public space, is still barely explored in detail.

Human Trafficking for Prostitution and Sexual Exploitation in Bulgaria

Human trafficking especially for sexual exploitation is among the most profitable criminal enterprises in Bulgaria. We must bear in mind that this is one of the few countries where the degree of punishment is not related to the consent of the victim. It is not necessary also to have in place the conditions mentioned in the Protocol to the Palermo Convention: violence, threat, fraud etc. - in order to qualify a certain activity as trafficking.

²⁵ Bezlov et al., 2007. *Ibid.*

²⁶ Petrunov, G., *Analysis of Social Network Models of Transnational Criminal Networks Operating in the Southeastern Border of The European Union*. Vortex Foundation and Risk Monitor Institute, Bogota – Sofia.

The roots of the problem of human trafficking in Bulgaria can be traced to the beginning of the 1990s. However its dynamics are marked by two major events: 1) the peak of the trafficking to Europe in the beginning of millennium, and 2) the crisis of 2008. At the beginning of the new millennium, and especially after the Schengen visa requirements were put into effect in 2001 for easier traveling within the European Union, there was an upsurge in the number of Bulgarian traffickers engaged in sexual exploitation in European countries. Until the beginning of the world financial crisis in 2008, Bulgarian organized criminal groups had already gained the control over large segments of the most profitable sex markets in Europe. After 2008 the deteriorated economic and social conditions become a stimulus for the increase in different forms of trafficking: for sexual exploitation, but also for labor exploitation. Their annual profits rise in order to match the benefits from the drug market.

Bulgaria is a source country for victims of trafficking and a destination country for victims mainly from the former Soviet republics. The victims are predominantly Bulgarian, between 18 and 21 years of age. Prior to being trafficked, most of them have been either students, unemployed or working in low-qualified jobs. The recruitment methods involve, most often, an intimate relationship with a pimp or a promise for a well-paying job by a friend of the victim. The evolution of the relations trafficker-victim through the years shows that while in 2002-2003 force and threat were usual instruments, today they are applied as exclusion. The usual case of trafficking is now based on consent on behalf of the victim and on preliminary agreement on the profit shares. This does not exclude however the use of violence during work.

Almost without exception, the exploitation begins upon arrival in the foreign country. The trafficker determines the conditions and the place, and the prostitutes cannot change them. Traffickers control the prostituted by promising them rewards and punish them by taking the benefits away and imposing fines. Scholars distinguish between low-level - middle level - high-level prostitution. Each of the strata has its distinctive price range, target group, rules and organization of work.

Besides trafficking for prostitution, managed by organized criminals, we witness a side phenomenon: racket imposed on traffickers and pimps by third parties. Through violence and threats some gangs extort percent of their profit without direct participation in the

trafficking and the exploitation of victims. It usually happens during the internal trafficking, when prostitutes are being transferred from one town to another. This movement is linked to the tourist flows – in winter at the ski resorts, in summer – at the seaside. The international trafficking is oriented to Western European countries, but in the recent years the market expanded to other continents like the USA and the Republic of South Africa.

Conclusion

Bulgaria in the years 1990-2015 is characterized by dramatic changes in the politics, economy and demography. It experienced a boom in crime rates – in a sharp contrast to the last decade of the Socialism (1980-1990), when the phenomena of organized crime, developed sex market and trafficking in humans were almost unknown. At the face of the rapid developments institutions and citizens at large were unprepared to produce efficient civic and policy responses, which led to deep social trauma. The accession to the EU brought little relief as it was followed by a long period of economic and political insecurity in the country and the region which presumably will continue with the development of the Greek crisis. Optimistic scenarios include hope in the fragile trend towards economic recovery and urgent radical reform in the law enforcement and judicial system.

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