

SECOND PART

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STATUS OF COUNTRY

ROLE OF THE ORGANISED CRIME GROUPS

Even in 2007, the results of counter-narcotics activities confirmed that the most powerful national criminal organizations were strongly involved in the narco-trafficking business. However, the demarcation line with the rest of the criminal scenario was often confused, especially in the North and Central regions where the organized crime groups had not the complete control over the territory. In these areas a major consolidation of foreign organized crime networks was noticed. In fact, they showed – in the drug trafficking management - a marked capacity for adaptation to the different criminal situations.

This fact was also proved by the data on the police reports for drug crimes made in 2007: the total number of persons reported for drug crimes was 35,238. 10, 666 (30.26%) were foreign nationals, mainly concentrated in the regions Lombardia, Emilia Romagna, Lazio and Toscana (62%). As to the most serious offence of criminal conspiracy to drug trafficking, the foreign nationals percentage was always high (27.25%).

NATIONAL CRIMINAL ORGANIZATIONS

THE 'NDRANGHETA

DCSA information have confirmed the well-known national predominance of the 'Ndrangheta in the drug trafficking field - above all in the cocaine sector –as well as its extraordinary efficiency and its constant desire for changes.

In fact, the 'Ndrangheta was able to modify its structure trying to establish only one system of command through the creation of local "mandamenti", on the model of the traditional organization systems of the Sicilian "La Cosa Nostra". This new structure aimed at limiting the fierce internal conflicts – the so-called "faida" feud - leaving the most important decisions to a central body and, at the same time, at improving the management of the high business volume. Drug trafficking, along with the consequent laundering of drug proceeds, was the most important among their activities.

The 'Ndrangheta capillary presence on the

territory facilitated a strong criminal influence and progressively penetrated into the licit enterprises controlling remarkable parts of the market and having stable links with the Sicilian, Naples-based and Puglia-based crime groups.

The need to cut the costs of drug supplies, in particular of South American cocaine, was still pivotal for the fiercest Calabrian criminal networks, aiming at bypassing the intermediate levels of the criminal chain and always looking for direct contacts with the Cartels, above all the Colombian ones, or with their branches located in Europe. To this regard, the key role played by subjects functioning as real brokers, was particularly stressed: they had the task of combining demand and supply, because of their deep knowledge of the drug trafficking patterns and of the reliability of the organizations they represented.

This capacity to search for collaborations and alliances with foreign criminal syndicates allowed



Cannabis plants seizure



Seizure of 127 kg. of cocaine concealed inside metal pipes fastened outboard vessels

the creation of important Mafia-like groups abroad. In particular, in: France, Germany, Russia, Spain, Switzerland, Bulgaria, ex-Yugoslavia, Bolivia, USA, Canada and Australia. Members of these crime groups, - living abroad to escape from Italian Justice - keep contacts with their Country. In this way, the 'Ndrangheta could control real holding companies active in the international financial and entrepreneurial circuits, as pointed out in the course of recent investigations that led to the financial flows linked with the drug money of the Calabrian networks.

The analysis activities coordinated by the DCSA showed the 'Ndrangheta choice to operate outside its region of origin. This fact was proved by the lack of large seizures in Calabria and by the constant involvement of Calabrian clans in the numerous seizures operated domestically and internationally.

Moreover, with respect to the geographical spreading of the Calabrian groups, an ever increasing presence of members belonging to the

most powerful 'Ndrangheta clans was also noticed in the Western African Countries. In particular, in Togo and in Morocco, that were chosen as new platforms to Europe.

THE CAMORRA

The lack of a hierarchy - unlike "La Cosa Nostra" or recently the 'Ndrangheta - coordinating the activities of the numerous clans and pacifying possible conflicts through the traditional mediations, as well as the extreme instability of the delicate balances all over the territory, were only some of the factors characterizing the drug trafficking situation in Campania.

The control over the drug market - once ensured by the major clans located in the area of Secondigliano/Naples - was affected by the tangible weakening of several Camorra groups belonging to a well-known coalition, resulting in an open conflict. The Camorra groups - unlike the 'Ndrangheta that mainly operated outside the regional borders - mostly carried out a large part

of their activities in Campania, in particular, the drug dealing business. Anyway, they also branched out along the Adriatic coasts, where the local distribution of cocaine and the money laundering activities- through investments in commercial and economic enterprises- were carried out.

Nonetheless, the Camorra groups reached a very high profile also on the European markets, managed by South American drug traffickers, with Camorra settlements in Spain (in particular, along the Costa del Sol), Bulgaria, Romania, Turkey, Albania, Holland and recently, Tunisia.

Moreover, synergies between the Camorra and 'Ndrangheta groups were noticed: their links were essentially due to the supply and management of drug trafficking flows.

LA COSA NOSTRA

La Cosa Nostra has lost its traditional control over the national and international market of narcotic drugs for years.

Its complete monopoly above all on the heroin trafficking progressively changed into a form of oligopoly and then in a sort of "profit-sharing", mainly in favour of the 'Ndrangheta.

There is no doubt that La Cosa Nostra has been recently steadily supported by members belonging to the 'Ndrangheta and, sometimes, by the Camorra clans.

Analysis carried out by DCSA revealed that Mafia-like organizations were still marginally involved in the management of major channels of drug trafficking, apart from rare episodes.

The main reason for this marginal participation of LCN into the international scenario of drug trafficking was surely to be found in the drop of heroin consumption. In fact, LCN was the world leader of heroin trafficking once coming from the U.S.A. where the LCN had indissoluble ties. With the increase in cocaine demand and the unstable trend of heroin, the LCN lost his predominance in this field in favour of the 'Ndrangheta that had strong ties with the South American cocaine traffickers.

Finally, the numerous important investigations carried out by international Law Enforcement Agencies, completely eliminated entire families operating in the drug sector, and did not allow them to get back on the international drug scenario to create new alliances with non-American crime groups that, today, dominate the global narco-trafficking context. The 'Ndrangheta,

instead, took advantage of the propitious historical moment and replaced the LCN acting as a privileged interlocutor for many criminal organizations belonging to different ethnic groups.

PUGLIA-BASED ORGANIZED CRIME GROUPS

During these last years, The Puglia-based criminal rings have been living a significant moment of transition and reorganization.

In reality, the numerous organized crime groups in Puglia, focused their interest on the control of their territory rather than on the creation of a new central structure allowing the expansion of their supremacy to the other regions of the Country.

As a consequence, also the lucrative business of illicit drug trafficking was affected by this situation. Recent investigations have revealed that these crime groups were not able to plan and realize national or international drug trafficking on a large-scale, limiting their activities in the drug dealing between provinces or in street pushing. The narcotic drugs were supplied by well-established criminal organizations, especially by the 'Ndrangheta (for cocaine) and by the Albanian ethnic groups (heroin and marijuana). The Puglia-based rings also gave their assistance during the unloading operations of illicit sea cargoes coming from Albania and, in some cases, they accepted subordinate positions with respect to these foreign criminal syndicates.



Seizure of hashish slabs

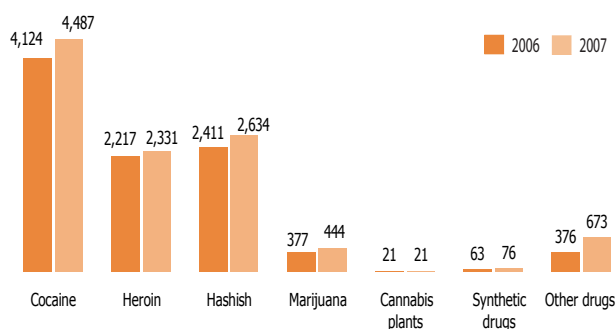
FOREIGN CRIMINAL ORGANIZATIONS

SITUATION

In Italy, in 2007 a significant presence of foreign drug traffickers (30.26% of the total number of persons reported for drug-related offences) was recorded. With respect to 2006, there was an increase by 11.23% of reports against these subjects.

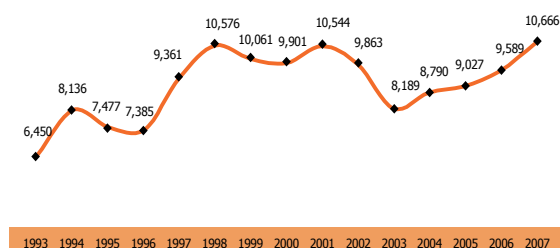
Foreign crime groups mainly operated in the cocaine, cannabis derivatives and heroin trafficking.

Foreign nationals reported to the Judicial Authority for type of drug (2006-2007)



After the peak period 1998-2002 (about 10,000 reports), in the last fifteen years, the reports of foreign nationals to the Judicial Authority notably dropped in 2003 (8,189). In the following years these figures have progressively increased and, in 2007, peaked at 10,66 reports to the Judicial Authority.

Foreign nationals reported to the Judicial Authority - fifteen-year trend



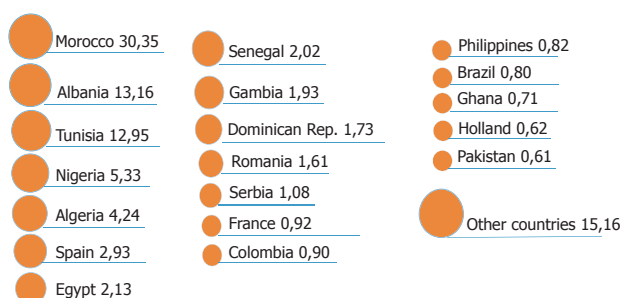
Among the foreign nationals involved: Moroccan nationals accounted for 30.35% , followed by Albanian ethnic nationals (13.16%), Tunisians (12.95%), Nigerian nationals (5.33%) and Algerian nationals (4.24%).

In particular, the Albanians, Moroccans and Tunisians were either involved in criminal conspiracy to drug trafficking or in the street pushing.

Main nationalities reported to the J.A. in 2007

Country	illicit trafficking Art. 73	conspiracy to trafficking Art. 74	other offences	Total	% variation 2006
Morocco	3,108	129	-	3,237	5.54
Albania	1,082	322	-	1,404	10.73
Tunisia	1,295	86	-	1,381	23.75
Nigeria	494	75	-	569	- 6.87
Algeria	436	15	1	452	7.62
Spain	290	23	-	313	12.19
Egypt	218	9	-	227	102.68
Senegal	214	1	-	215	5.91
Gambia	204	2	-	206	126.37
Dominican Rep.	133	51	-	184	2.79
Romania	157	15	-	172	24.64
Serbia	99	16	-	115	98.28
France	95	3	-	98	- 32.41
Colombia	71	25	-	96	- 4.00
Philippines	15	72	-	87	357.89
Brazil	78	7	-	85	26.87
Ghana	48	28	-	76	5.56
Holland	58	8	-	66	15.79
Pakistan	49	16	-	65	62.50
Other countries	1,490	128	-	1,618	4.59
Total	9,634	1,031	1	10,666	11.23

%Incidence of each ethnic group out of the total number of reports against foreigners in 2007 in Italy



The Albanian ethnic groups mainly operated in cocaine and heroin importation and distribution; the Colombian nationals were mostly active in cocaine importation; the Nigerians were interested in both cocaine and heroin trafficking; the Maghrebi nationals were mainly involved in cocaine, hashish and heroin smuggling while the Serbian nationals, along with the Turkish ones, were active in heroin trafficking (the Serbians were also involved in cocaine smuggling).

Foreign criminal organizations were consolidating their control over the territory above all in the North and Central regions, where the traditional criminal organizations have lost their central role. Among the European groups, there was the prevalence of Spanish nationals, with 23 reports to the Judicial Authority for criminal conspiracy to drug trafficking and 290 reports for illicit drug trafficking, followed by the Romanian nationals (a total of 172 reports), the French nationals (98 reports) and the Dutch nationals (66).

FOREIGN NATIONALS REPORTED AT REGIONAL LEVEL

Foreign drug trafficking groups were mostly active in Lombardia, Emilia Romagna and Lazio. These groups had a minor incidence in the smaller regions as well as in Calabria and Sicilia, where illicit drug trafficking was mainly operated by the local criminal organizations, that hindered the foreign penetration.

Comparing the foreign reports to the Judicial Authority to 100,000 inhabitants, relevant data also surfaced with respect to Umbria (1st place)

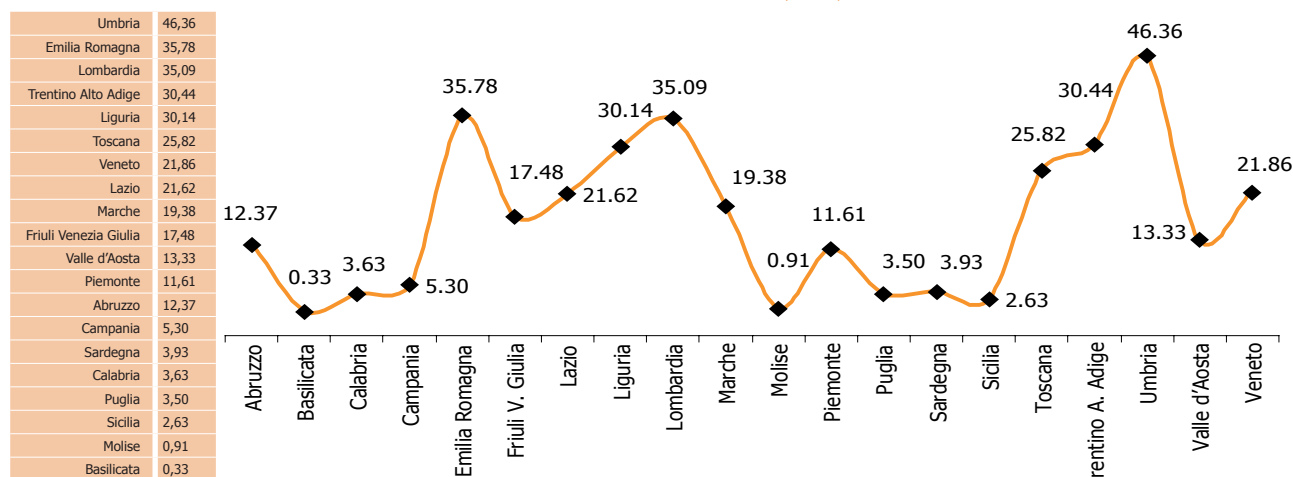
and Trentino Alto Adige (4th place), while Calabria, Puglia and Sicilia respectively ranked at the fifth, fourth and third place from the end.

Moreover, it was noticed that Moroccan groups were mostly concentrated in the regions Lombardia, Emilia Romagna, Toscana and Veneto; the Albanian groups were mainly in Lombardia, Emilia Romagna and Toscana; Tunisians were above all in Emilia Romagna, Lombardia and Veneto while Nigerian clans were active in Veneto, Campania and Lazio.

Foreign nationals reported to the Judicial Authority (top 25 nationalities) - regional subdivision

Country	Abruzzo	Basilicata	Calabria	Campania	Emilia Romagna	Friuli V. Giulia	Lazio	Liguria	Lombardia	Marche	Molise	Piemonte	Puglia	Sardegna	Sicilia	Toscana	Trentino A. A.	Umbria	Valle d'Aosta	Veneto	international waters	Total	% variation 2006
Morocco	25	-	41	13	519	39	102	197	1,232	70	2	160	9	7	16	353	66	63	2	321	-	3,237	5.54
Albania	50	-	11	18	176	44	70	51	304	49	-	130	57	5	20	165	28	117	-	109	-	1,404	10.73
Tunisia	12	1	1	28	311	6	71	55	295	59	-	17	2	-	28	151	70	79	-	193	2	1,381	23.75
Nigeria	6	-	-	94	73	3	94	6	66	13	-	21	5	13	4	16	3	48	-	104	-	569	- 6.87
Algeria	6	-	3	21	110	6	44	28	76	10	1	9	4	-	11	52	19	14	1	37	-	452	7.62
Spain	-	-	1	8	2	2	184	12	41	1	-	3	4	9	2	10	1	1	-	32	-	313	12.19
Egypt	1	-	-	-	8	-	26	9	166	-	-	5	-	-	1	7	1	-	-	3	-	227	102.68
Senegal	2	-	1	-	30	38	21	3	72	2	-	26	-	1	1	10	-	1	-	7	-	215	5.91
Gambia	-	-	-	-	-	7	31	-	163	-	-	4	-	-	-	-	1	-	-	-	-	206	126.37
Dominican Rep.	2	-	1	15	19	1	11	17	48	33	-	6	-	2	-	9	2	-	-	18	-	184	2.79
Romania	8	-	1	6	12	4	35	7	31	3	-	8	5	8	4	8	2	12	1	17	-	172	24.64
Serbia	12	-	1	1	6	8	14	4	27	1	-	5	2	-	1	11	9	4	-	9	-	115	98.28
France	-	-	-	3	4	-	9	6	27	1	-	18	-	3	5	11	2	1	1	7	-	98	- 32.41
Colombia	3	-	-	6	14	4	14	3	33	2	-	-	6	2	-	2	2	-	-	5	-	96	- 4.00
Philippines	-	-	-	-	-	-	8	-	77	-	-	-	-	-	1	1	-	-	-	-	-	87	357.89
Brazil	-	-	1	3	3	-	36	-	23	2	-	2	-	1	-	7	1	4	-	4	-	85	26.87
Ghana	1	-	-	8	7	3	26	1	16	-	-	1	-	2	9	-	-	-	-	2	-	76	5.56
Holland	-	-	-	1	-	1	6	8	18	-	-	1	-	-	5	5	20	-	-	1	-	66	15.79
Pakistan	-	-	-	1	31	-	9	-	9	2	-	-	10	-	-	2	1	-	-	-	-	65	62.50
Ecuador	-	-	-	-	2	-	2	28	28	-	-	2	-	-	-	-	-	-	-	-	-	62	34.78
Palestine	1	-	-	-	12	2	1	7	17	1	-	3	-	-	-	11	1	3	-	2	-	61	- 1.61
Germany	1	-	3	-	1	-	7	1	11	1	-	1	2	1	4	6	11	2	-	6	-	58	- 23.68
F.Y.R.O.M. Macedonia	5	-	-	-	1	-	10	-	6	5	-	1	2	-	-	3	7	5	-	12	-	57	16.33
Poland	-	-	4	8	3	-	12	2	4	3	-	-	2	1	5	3	6	1	1	1	-	56	- 5.08
Great Britain	-	-	-	3	2	-	14	4	10	1	-	10	-	1	-	1	-	-	-	3	-	49	75.00
Other countries	23	1	6	70	71	39	279	43	368	23	-	65	33	9	17	67	30	31	10	90	-	1,275	3.91
Total	158	2	75	307	1,417	207	1,136	492	3,168	282	3	498	143	65	134	911	283	386	16	981	2	10,666	11.23

Foreigners reported to the J.A. at regional level - as compared to 100,000 inhabitants (2007)



FOREIGN NATIONALS REPORTED AT PROVINCIAL LEVEL

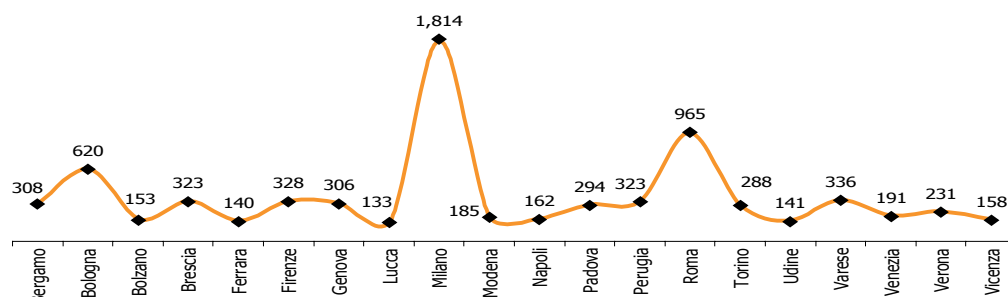
Milan, Rome and Bologna, were the most affected provinces with regard to foreign groups involved in drug trafficking (we would like to specify that they are the most populated provinces). On the contrary, the provinces of Nuoro, Crotone, Matera, Vibo Valentia, Enna, Campobasso and Avellino have recorded only an insignificant presence of these groups. A quite remarkable number of reports was also noticed in the provinces of Perugia (where the University for foreigners is located), Varese (where an international airport is sited) and Bolzano (a province located close to the Northern borders).

Foreigners reported to the J.A. - provincial subdivision (2007)

Province	No.	% variation 2006	Province	No.	% variation 2006	Province	No.	% variation 2006
Milano	1,814	41.17	Ravenna	72	- 21.74	Catania	19	26.67
Roma	965	13.80	Rimini	72	35.85	Lodi	18	- 28.00
Bologna	620	- 12.92	Treviso	70	- 9.09	Trapani	18	800.00
Varese	336	10.16	Piacenza	68	257.89	Cuneo	17	- 58.54
Firenze	328	10.44	Ascoli Piceno	66	- 10.81	L' Aquila	17	88.89
Brescia	323	- 20.64	Alessandria	65	- 17.72	Rovigo	17	6.25
Perugia	323	25.68	Teramo	63	21.15	Taranto	17	142.86
Bergamo	308	6.57	Terni	63	117.24	Aosta	16	- 5.88
Genova	306	46.41	Imperia	57	11.76	Gorizia	14	- 17.65
Padova	294	- 5.77	Livorno	57	- 12.31	Ragusa	13	- 53.57
Torino	288	- 4.32	Pescara	55	- 3.51	Siena	13	- 38.10
Verona	231	54.00	Novara	48	84.62	Rieti	12	140.00
Venezia	191	4.37	Massa	45	21.62	Salerno	12	20.00
Modena	185	68.18	Reggio Calabria	45	150.00	Asti	10	0.00
Napoli	162	- 10.50	Latina	44	57.14	Brindisi	10	11.11
Vicenza	158	163.33	Cremona	42	- 4.55	Sondrio	10	25.00
Bolzano	153	29.66	Savona	42	68.00	Foggia	7	- 50.00
Udine	141	76.25	Pesaro	41	- 4.65	Vercelli	7	- 30.00
Ferrara	140	18.64	Verbania	41	2.50	Siracusa	5	- 54.55
Lucca	133	7.26	Forlì	39	50.00	Agrigento	4	- 33.33
Caserta	130	- 26.97	Palermo	37	- 15.91	Caltanissetta	4	100.00
Reggio Emilia	130	31.31	Messina	33	32.00	Catanzaro	4	- 20.00
Trento	130	19.27	Cagliari	32	- 11.11	Benevento	2	- 33.33
Pisa	123	- 21.66	Sassari	31	- 61.73	Isernia	2	0.00
Como	108	- 20.59	Arezzo	30	- 3.23	Oristano	2	100.00
Mantova	97	110.87	Pordenone	28	- 30.00	Potenza	2	100.00
Frosinone	91	658.33	Bari	26	- 58.06	Avellino	1	0.00
Parma	91	- 31.58	Cosenza	25	31.58	Campobasso	1	- 94.12
Ancona	90	- 9.09	Trieste	24	33.33	Enna	1	0.00
Pavia	90	47.54	Viterbo	24	380.00	Vibo Valentia	1	- 88.89
Prato	89	- 10.10	Chieti	23	283.33	Crotone	-	- 100.00
La Spezia	87	14.47	Biella	22	69.23	Nuoro	-	- 100.00
Macerata	85	- 26.09	Lecco	22	10.00	Matera	-	-
Lecce	83	- 47.47	Belluno	20	- 47.37	International waters	2	0.00
Pistoia	73	46.00	Grosseto	20	25.00	Total	10,666	11.23

Foreigners reported to the J.A. at provincial level (2007) - as compared to 100,000 inhabitants (top 20 provinces)

Bologna	6.53
Perugia	5.05
Milano	4.69
Ferrara	3.98
Varese	3.96
Lucca	3.50
Genova	3.43
Firenze	3.39
Padova	3.30
Bolzano	3.17
Bergamo	2.98
Modena	2.78
Brescia	2.73
Udine	2.66
Verona	2.65
Roma	2.52
Venezia	2.29
Vicenza	1.88
Torino	1.28
Napoli	0.52



Further details on the main foreign crime groups involved in illicit drug trafficking in our Country are described in the following pages.

An important role in the heroin trafficking was also

played by the Turkish criminal networks, as well as by the emergent Gambian organizations in the cocaine trafficking.