

## **Publication of the ILLICID report into the illegal trade in cultural property in Germany**

IADAA has discovered that the ILLICID final report\* has been published and deposited with the Technical Information Library Hannover (TIB) (Technische Informationsbibliothek)

The 9-page report sets out in detail the methodology of the study and the list of partnerships that it involved, as well as the quality of the research.

### **LAUNCH**

The official leaflet at the launch of the project [https://iadaa.org/wp-content/uploads/2019/07/Projektumriss\\_ILLICID.pdf](https://iadaa.org/wp-content/uploads/2019/07/Projektumriss_ILLICID.pdf) on April 10, 2015 stated the following:

#### ***Motivation***

*Profits from illegal trade in cultural goods are an important pillar of organized crime. There are links to the drug and arms trade, to money laundering and terrorist financing. At present, there is neither reliable data on the annual scope of the illegal trade in cultural goods in Germany nor efficient methods for collecting the corresponding facts.*

(IADAA note: It is concerning that this introduction should accept as fact something that it has yet to investigate and for which it acknowledges it has no reliable data. How does it know that the illegal trade in cultural goods is “an important pillar of organized crime”? This assumption at the beginning of such a research project is inadvisable because it risks the investigators falling victim to confirmation bias.)

#### ***Objectives and approach***

*The ILLICID project has set itself the task of researching the dark field “Illegal trade in cultural property in Germany”. A pilot study will collect data on traded objects, orders of magnitude, actors, networks, routines, and the potential for profit and money laundering. The project focuses on ancient cultural assets from the Eastern Mediterranean, as recent political developments in the region have dramatically increased the level of robbery, looting of archaeological sites and illegal art trade.*

#### ***Expected outcomes***

*ILLICID also aims to develop a practical guide with recommendations for action in the field of the cultural goods trade. In addition, a database will be set up for systematic documentation of legally and illegally traded cultural assets in which, among other things, suspicious auctions will be recorded. Investigators should be able to retrieve this source information in the future using an App.*

#### **To summarise, at its launch, ILLICID:**

- Assumed that the illegal trade in cultural goods was “an important pillar of organised crime”, whilst admitting that it had no reliable data to show this;
- Also admitted it had no efficient methods for collecting this data but sought to develop them;
- Aimed to collect reliable data on illicit material, including the magnitude of illicit trade, networks and money laundering;
- Aimed to develop effective strategies for combatting crime;
- Expected to have reliable enough findings to launch a systematic database of legal and illegal artefacts that could be used via an App and a practical guide for action on cultural goods.

These aims were noted elsewhere, including the article *Global Network for Protecting Cultural Heritage*, published by Stiftung Preussischer Kulturbesitz (see <https://bit.ly/2wZipE1>).

They were repeated by the project’s director, Dr Markus Hilgert, during a presentation at the UNESCO Conference on looting and trafficking of cultural property on May 15, 2017, where he said that the ILLICID project was about developing criminological methods in the field of trafficked antiquities and devising the means to gather data and establish evidence of terrorist financing. He further explained that this involved quantifying data and establishing its quality, developing systematic annotated object repositories (databases of objects) and co-operating with all stakeholders (presumably including the art market).

## DURATION

According to the fact sheet the € 1.2 million project started in February 2015 and was due to report its findings three years later in February 2018. The project's completion was extended first from February until September 2018, then until April 2019.

## RESULTS

The April 2019 report describes ILLICID as "the first systematic process documentation and assessment within the framework of dark field research on the trade of cultural property in Germany".

- It studied objects between 01/07/2015 and 30/06/2017, a period of two years, identifying a total of 356,500 items, of which it assessed that 6,133 (1.7%) were potentially from AKOM (= Ancient Cultural Objects from the Eastern Mediterranean). This includes Greece, Cyprus and Egypt, countries that have nothing to do with the current Syrian conflict or Iraq.
- More than half of these (3,375) were offered as part of multiple lots, with the report concluding: "*This complicated the analysis of individual objects and their provenance, since mostly what was available were general photographs and information (of multiple lots).*"
- Drilling down further, ILLICID concluded that 2,387 objects "potentially" came from Syria and Iraq (Of these 24% were judged as fakes). Only 853 were offered as single items which means that the rest of over 1500 items in this group were of a very low value or fake.
- Analysis showed that probably only 24% of the 6,133 objects were judged as doubtless authentic. (Of the remaining 76%, the study found that 61.5% could not provide enough information to make a judgment on their authenticity, 12% were suspected fakes and 2.5% were incorrectly classified.)

The report also looked at the value of the objects it studied, noting the following:

- Of the 6,133 objects of interest, 3,245 (52.9%) sold and made a total of €1,693,674 in over the two years, around €850,000 a year.
- The majority of bids (71%) started at under €1000 (10% at under €100).
- Only 14% had a starting price over €1000.
- For 15% no starting price could be determined.
- More than half the objects (3,375) offered came as part of multiple lots (indicating very low value).

## RESULTS SUMMARY

If IADAA has understood the report correctly, what this means is that after two years of study, ILLICID has concluded the following:

- 6,133 items (1.7% of those studied) were potentially interesting as they came from "AKOM".
- Of these, 2,387 "potentially" came from Syria or Iraq, although this was not confirmed.
- Only 3,245 (52.9%) of the objects of interest sold, the value heavily weighted by 498 potentially high-value Greek vases and Roman Glass as well as 506 Egyptian sculptures, ushabties and scarabs.
- **At no point does the report identify trafficked goods or any terrorism financing, the prime goal of the whole operation.**

## OTHER EVIDENCE

### Diagrams

The report includes three pie charts under the heading *Object categories of cultural items offered as individual items* (with a total of 2,758 items = 45% of all objects studied).

The three pie charts cover, respectively, 853 Near Eastern, 743 Classical and 1162 Egyptian objects.

The Near Eastern chart showed pieces divided largely equally between most object categories, from vessels to engravings.

The classical pie chart showed that 67% of the items were vessels (vases both Greek terracotta and Roman glass), expensive items, whose sale prices would have accounted for much of the overall sale take of €1,693,674. This means that whatever else sold must generally have been of fairly low value.

## **SUSPICIOUS SALES**

The only point at which the report hints at – but does not overtly claim – criminal activity is the section in which it effectively abandons proper scientific analysis. This comes on page 5 where a table labelled “Object hike” appears. Noting that “It has often been observed that project-relevant properties without traceable provenance were first traded in Germany before being sent abroad at a much higher price,” it then lists a series of 4 objects (1 from Iraq, 1 from Syria and 2 from Egypt), which it identifies as suspicious because of price differentials between their sales in Germany and the US and UK.

The list is as follows:

### **• Terracotta from Iraq**

- Starting price in Germany: €200.
- Sale price in Germany: €260.
- Sold six years later in the US for \$17,500.

### **• Idol from Syria or Lebanon**

- Starting price in Germany: €640.
- Sale price in Germany: €800.
- Sold 1 year later in the US for €2400.

### **• Mummy mask from Egypt**

- Starting price in Germany: €480.
- Sale price in Germany: €1200.
- Sold in the US 2 years later for €4265.

### **• Figurine from Egypt**

- Starting price in Germany: €2400.
- Sale price in Germany: €43,000.
- Sold in the UK 2 years later. Starting price on request: £50,000.

As anyone who understands the market will know, it is hard to comprehend how this constitutes evidence of wrongdoing. The price hike for the terracotta, for instance, could be simply the result of a bidding war between two or more determined collectors, the result of a reassessment of the object or it being a ‘sleeper’ at its first sale, where it remained unrecognised for what it was.

The price for the idol trebled in a year, but that could also be for the same reasons or simply it being a more desirable item to US collectors than those in Germany, where the market is much smaller.

Again the same reasons could explain the hike for the mummy mask, while the figurine appears to have been a sleeper that was recognised as such at its first sale.

In summary, then, this section of the report appears to serve no purpose in meeting ILLICID’s goals yet points to those involved not understanding how the market they are investigating works in common practice legally, thereby misconstruing fairly normal events as possible money laundering. It goes as far to state: *“From a scholarly point of view, potential money laundering cannot be excluded, however neither is it inevitable.”* So a suspicion but no evidence.

## **CONCLUSION**

Looking at the stated objectives and Dr Hilgert’s UNESCO briefing in May 2017, how far does this report show that the study has met its goals?

### **Has it developed effective criminological methods in the field of trafficked antiquities?**

This is difficult to say. The report details its methodology and partnerships, but its results report that often it cannot determine what it is looking at because of the lack of information available. Special software, including an App, has been developed and an instruction booklet for stakeholders has been announced for this summer, but there is no indication on the reliability or usefulness of the information the software gives access to.

### **Has it devised the means to gather data, the magnitude of illicit trade and terrorist financing?**

Certainly it has gathered data, although its own figures show that potentially relevant objects were a tiny fraction (1.7%) of the material it assessed. The report concluded that only a quarter of the potentially relevant objects could safely be deemed authentic and much of the rest lacked the information to judge definitively. What is not clear is how original and ground-breaking its methodology has been – it does not seem that different from other studies. What is clear is that it has established **no terrorist findings at all or been able to gauge the magnitude of illicit trade at all, and nor does it claim to have done so.**

Although the report does not make it clear, it would appear that the catalogues studied were largely from German auction houses, specialising in the sale of antiquities, and antiquities dealers, as well as web offerings. What it does not say is whether any of the material it has studied is categorically illicit or even highly likely to be illicit. It also does not explain how a study of the legitimate market can be informative about criminal activity. An annexe showing the sources would have been helpful.

After four years and a budget of over €1m (although how much was spent is not known), it is hard to see how the ILLICID project has succeeded in any way at all in realising its ambitious set of goals. It has neither claimed nor provided any proof of terrorist activity, nor has it gauged the scale of illicit trade, nor apparently devised any reliable and consistent method of capturing and analysing data of any worth in the fight against crime.

During the ILLICID process, Dr Hilgert not only spoke at UNESCO to promote on the project and its work, he also conducted no fewer than six video interviews about the project, its aims and likely effectiveness, that have been released on YouTube. Now, though, when the report is finally published, after an extension of more than a year, it has been quietly filed away in a library with no discussion at all. What are we to think?

Ever since the German government announced the need for stricter laws for the art market in 2014, officials repeatedly voiced what have since been shown to be unfounded claims that the illicit trade in cultural goods is a *“billions of euros business” “coming third after the illegal drugs and arms trade”*, that Germany was *“the hub of the illicit trade in cultural goods”* and that this *“ever increasing trade”* was connected with *“organised crime and its proceeds used to finance terrorism”*.

These claims sought to justify strong counter measures, despite those making them having to admit that they had no evidence to support them. The ILLICID project, with its scientific approach and multi-institution support, was devised to produce this evidence and capture *“the orders of magnitude, actors, networks, routines, and the potential for profit and money laundering”*. After two years of study and an extension of a year to produce its analysis, we have a 9-page report that shows it has failed to do so.

German customs, who have not reported any seizures in this field during the past five years, will not be surprised about these findings. Art market professionals and collectors have known all along that the claims were nonsense.

Despite all this, we are stuck with a draconian law on cultural goods that strangles the German art market and has been exported to Europe were the Commission and Parliament endorsed severe measures against *“terror financing with cultural goods”*. The EU’s own research, commissioned from Deloitte, has already shown that none of the 28 Member States had reported any evidence of this problem, and yet damaging legislation was pushed through anyway.

On April 17, 2019, the REGULATION (EU) 2019/880 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on the introduction and the import of cultural goods was published. Had the ILLICID report been published on its initial due date, soon after February 2018, its findings showing the lack of evidence might have helped mitigate the unnecessary harm that the new EU regulations are now likely to inflict on Europe’s legitimate art market. Unfortunately, the extension meant that the ILLICID report was published at the same time as the new EU regulations. A coincidence?

\*TIB Link to Dr Hilgert’s final report in German:

[https://www.tib.eu/de/suchen/download/?tx\\_tibsearch\\_search%5Bdocid%5D=TIBKAT%3A1664575944&cHash=87880dc7fdf3c8615245fa3a793e6677#download-mark](https://www.tib.eu/de/suchen/download/?tx_tibsearch_search%5Bdocid%5D=TIBKAT%3A1664575944&cHash=87880dc7fdf3c8615245fa3a793e6677#download-mark)