

Summary

This report analyses the scale of the criminal economy in Sweden, in terms of both turnover and profits. It further develops an analytical framework for defining the criminal economy and discusses possible measures to counter its development and consequences. The analysis is based on previous reports and studies from public authorities and international research.

In simplified terms, the **criminal economy** can be defined as the combined system of activities, transactions and services through which economic value is created, transferred or concealed by means of actions that take place wholly or partly outside lawful and regulated structures and processes.

Based on this definition, the total annual scale of the criminal economy in Sweden is estimated at an **annual turnover of approximately SEK 352 billion, with annual profits of around SEK 185 billion**, expressed in inflation-adjusted 2024 fixed prices.

The criminal economy is presented across four subcategories: the shadow economy, the illegal economy, criminal transactions, and criminal services.

The **shadow economy** refers to activities that are legal in principle but take place outside public oversight, most commonly in order to evade taxation or social security contributions. One example is undeclared work. The shadow economy is the largest category and it is estimated to account for approximately SEK 224 billion in turnover, corresponding to around 64 per cent of the total.

The **illegal economy** consists of activities that are unlawful in themselves, such as drug trafficking or arms smuggling. The illegal economy is estimated to generate a turnover of approximately SEK 79 billion, or around 22 per cent of the total.

Criminal transactions constitute the third main category and refer to various forms of transfers in which one party unlawfully

acquires economic resources, often by deception or by exploiting weaknesses in systems and control mechanisms. Criminal transactions are estimated to account for approximately SEK 40 billion in turnover, corresponding to around 11 per cent of the total.

Criminal services comprise activities provided by specialised actors who offer their skills, networks or institutional positions to criminal actors in exchange for payment or other benefits. These services do not create an independent “end-product value”, but they generate economic value through the fees and compensations charged to facilitate other crimes. Criminal services are estimated to account for approximately SEK 9 billion in turnover, or just under 3 per cent of the total.

Total annual profits within the criminal economy are estimated at approximately SEK 185 billion, expressed in inflation-adjusted 2024 fixed prices. Here too, the shadow economy dominates, with profits of around SEK 96 billion (52 per cent). This is followed by the illegal economy (approximately SEK 41 billion; 22 per cent), criminal transactions (approximately SEK 39 billion; 21 per cent), and criminal services (approximately SEK 9 billion; just under 5 per cent).

Taken together, the results of this report show that the criminal economy in Sweden is of substantial magnitude. Relative to Sweden’s gross domestic product (GDP) of approximately SEK 6,380 billion in 2024, this corresponds to around 5.5 per cent of GDP in terms of turnover and 2.9 per cent of GDP in terms of profits.

The levels reported in this study should be interpreted in light of the fact that certain types of economic surplus cannot be fully captured within the scope of available estimates and are therefore not included in our estimate. This applies in particular to income generated through systematic regulatory non-compliance that falls outside the scope of criminal law and therefore lacks consolidated and comparable statistical data. Against this backdrop, the results should be understood as a conservative estimate of the extent of the criminal economy, rather than as an exhaustive measure of its actual extent, and that any eventual uncertainties in the original estimates to a large remain.

In addition to profits derived from directly criminal activities, substantial economic surpluses can also be generated through repeated and strategic breaches of regulatory frameworks within activities that are legal in principle. Such practices may include deviations from occupational health and safety requirements, working time regulations, rules on the posting of workers, collectively agreed wage levels, licensing requirements, or administrative reporting obligations. By systematically reducing or circumventing such costs, actors can achieve competitive advantages and profit levels that functionally correspond to traditional criminal profits, while being significantly more difficult to identify, quantify and sanction. These rule-based surpluses therefore constitute a central, but largely hidden, component of the criminal economy.

A key consequence of this grey zone between legal and illegal activities is the so-called spillover effect. When some actors systematically breach rules in order to lower their costs, competitive pressure arises that may also force fundamentally compliant firms to adapt in order to survive in the same market. Over time, this entails the risk of normalising regulatory non-compliance, undermining competitive neutrality and weakening trust in regulatory and supervisory systems. As a result, these forms of systematic rule-breaking produce effects that extend beyond individual markets or firms and contribute to making the phenomenon system-threatening rather than merely market-distorting – effects that are not fully captured in the estimates presented in this report.

A central finding is therefore that the criminal economy is both extensive and systemically integrated. It does not consist solely of clearly delineated illegal markets, but of a complex interaction between legal and illegal activities, legitimate businesses, system exploitation and specialised criminal services. Many of the most profitable crimes are committed within legal structures and target welfare systems, financial systems and labour market institutions. System exploitation – such as benefit fraud, labour market crime and tax evasion – emerges as the most economically significant component of the criminal economy and the source of the greatest socio-economic harm.

The report shows that the criminal economy should be understood as a system of economic opportunities, where profitability is driven by low risks of detection, weak control mechanisms, and an

infrastructure of money laundering, front persons, false invoicing, shell companies and sector-specific vulnerabilities. It is therefore closely intertwined with the legal economy and dependent on both the services of legitimate actors and deficiencies in regulatory frameworks. Furthermore, the shadow economy is likely to be larger than traditional illegal markets such as drugs and arms trafficking, and many forms of organised crime are characterised by high levels of rationality and strong economic incentives. Money laundering constitutes a key enabling mechanism, concealing otherwise visible financial flows.

An important conclusion is that the current state of knowledge remains fragmented. There is a lack of recurring measurements, systematic evaluations and robust data for several of the most profit-generating forms of crime. The absence of a coherent knowledge base hampers strategic governance, long-term prioritisation and systematic follow-up, increasing the risk that policy responses become reactive, fragmented and insufficiently targeted. To address part of these knowledge gaps, C-SMOB (the Centre for Sweden Against Organised Crime) has developed an online map of the scale of the criminal economy, intended to contribute to a shared and continuously updated assessment to support research and policy development.

Efforts to counter the criminal economy therefore need to move more clearly away from individual- and incident-based approaches towards measures that address how actors systematically exploit the structures of the legal economy, particularly through infiltration of firms and sectors that are both highly regulated and cash-intensive.

Against this backdrop, the report argues for a shift towards a more knowledge-based and system-oriented criminal policy aimed at reducing strategic vulnerabilities in society. This includes, among other things:

- countering corporate infiltration and exploitation of highly regulated and cash-intensive sectors through risk-based models and strengthened monitoring;
- making more consistent use of administrative and complementary measures, such as disqualification orders, licence withdrawals and administrative fines (sanction charges);

- substantially strengthening the capacity to trace and recover criminal proceeds, including more systematic use of extended confiscation;
- complementing financial flow analysis (“follow the money”) with a structural “go before the money” approach that focuses on the regulatory and institutional arrangements enabling economic exploitation.

The report highlights the need for recurring estimates of the development of the criminal economy and targeted research into areas characterised by significant knowledge gaps, including labour market crime, cyber-related crime, environmental crime and international capital flows.

In conclusion, the report demonstrates that the criminal economy is extensive, highly profitable and structurally intertwined with Sweden’s legal economy and institutions. Reducing its scale requires a long-term, cross-sectoral and system-oriented approach in which academia, public authorities and labour market actors jointly develop shared situational awareness, build capacity and design policy based on how crime is actually organised and enabled. Through such an approach, the opportunity structures of the criminal economy can be reduced and its socio-economic harms mitigated.