



## **Working Session III**

October 14<sup>th</sup>, 2004

17:30 – 18:30

Stephan Landrock

Chairman of the CoESS Working Committee  
EU-Enlargement

# Security Market of new EU-Members

<b>Countries</b>	<b>No. of companies</b>	<b>No. of guards</b>
<b>Estonia</b>	<b>70</b>	<b>4.900</b>
<b>Latvia</b>	<b>270</b>	<b>5.000</b>
<b>Lithuania</b>	<b>67</b>	<b>10.000</b>
<b>Poland</b>	<b>3.600</b>	<b>200.000</b>
<b>Czech Republic</b>	<b>2.210</b>	<b>30.030</b>
<b>Slovakia</b>	<b>1.370</b>	<b>17.200</b>
<b>Hungary</b>	<b>3.900</b>	<b>80.000</b>
<b>Slovenia</b>	<b>126</b>	<b>4.500</b>
<b>Malta</b>	<b>6</b>	<b>700</b>
<b>Cyprus</b>	<b>45</b>	<b>1.500</b>
<b>Total New EU</b>	<b>11.664</b>	<b>353.830</b>

# European Security Market

<b>Old EU</b>	<b>14.983</b>	<b>731.010</b>
<b>New EU</b>	<b>11.664</b>	<b>353.830</b>
<b>Total EU</b>	<b>26.647</b>	<b>1,084.840</b>
<b>Turkey (2003)</b>	<b>483</b>	<b>179.500</b>

# **Market in the Past**

- **Communist countries – no private security industry**
- **New Democracies**
  - **Rising crime**
  - **Change in police and military**
  - **Growing need for private security**

# Market in the Past

- **Former police and military officers start new security company**
  - Market overcrowded (too many companies, partly lack of professionalism)
  - Some „Fast Learners“ in new environment survive – some “Old Boy Connections”
- **Western Security companies entered the new markets successfully**

# Markets Today

- **Still growing dynamic markets**
- **Highly fragmented security market**
  - Too many companies
  - Rivalry - split associations
- **Significantly higher number of guards**
- **Significantly lower wages of guards**  
(€1 – 2 per hour)

# Problems

- **High Fragmentation**
  - Upcoming legislation + regulation
  - Ongoing consolidation
  - Heavy competition
- **Black Economy**
  - Cheating on taxes and social insurance
  - Corruption
- **Unfair Competition**
  - Fraud with subsidies

# Problems

- **Underdeveloped Social Dialog**
  - Weak professional associations and unions
- **Need for EU-Harmonisation of Legislation**
  - Licensing of companies and guards
  - Regulations for weapons, training and quality
  - Free and fair competition
- **Cross border service conflicts due to different wage costs**
  - To be managed

# **Looking into the Future**

- **Growing market in growing economy**
- **European harmonisation needs time (legal, commercial, social terms)**
- **Contribution to more security in society**