

## **17 arrests and 67 million cigarettes seized as EU and UK black market racket dismantled**

Illegal trade estimated to have cost €30 million in lost revenues

**Law enforcement authorities from 15 EU Member States and the UK teamed up last month to dismantle a major black market cigarettes racket. Supported by Europol and the European Anti-Fraud Office (OLAF), the joint operation took place between 2 and 13 November.**

The fraud consisted of illegally diverting cigarettes from EU internal and external transit customs procedures onto the black market, leading to the loss of millions of euros in taxes. The joint operation was led by the customs departments of the UK (HM Revenue & Customs) and Lithuania (Customs Criminal Service), using analyses of excise duty suspension data to identify the racket.

The operation led to the arrest of 17 suspects and the seizure of 67 million cigarettes and 2.6 tonnes of tobacco; 88% of the cigarettes seized were produced in Belarus. The most significant seizures were made in Lithuania (28.75 million), the UK (9 million), Poland (6 million), Ireland (3.5 million), Romania (2.2 million), as well as in Sweden (500,000), Latvia (740,000) and Croatia (150,000). Ten vehicles used to transport the illegal cigarettes were also seized in eight of the participating countries.

OLAF Director-General Ville Itälä said: *"This successful joint customs operation illustrates the importance of cooperation and coordination in the fight against the illegal trade of cigarettes. The cross-border nature of this illegal trade makes it hard for countries to combat on their own, and this is where OLAF and Europol bring real added-value. I warmly congratulate all those that participated in this operation for the excellent results. Thanks to our joint efforts, we have once again helped protect the financial interests of the EU and its citizens."*

### **Excise duty fraud mechanism**

This joint operation targeted a common fraud mechanism, the abuse of duty suspension. As is common practice, the payment of VAT and excise duties was suspended on cigarettes produced inside the EU and declared for export or for intra-EU delivery. However, since the goods either never left the EU's customs territory or were not delivered within the EU as documented, the taxes and duties were never paid. The cigarettes were simply distributed throughout the EU, robbing customs and tax authorities of €30 million.

## **Europol and OLAF support**

Europol and OLAF actively supported the operation. Europol facilitated the cross-border cooperation among Member States, set-up preparatory operational meetings, enabled information exchange and crosschecks and provided analytical support and operational expertise. During the course of the operation, OLAF provided the tools for a secure exchange of information between customs authorities, and monitored and crosschecked the information exchanged.

The EU countries involved in the operation were Belgium, Croatia, Cyprus, Denmark, Estonia, Finland, Hungary, Ireland, Latvia, Lithuania, Netherlands, Poland, Romania, Slovenia and Sweden.

### **OLAF mission, mandate and competences:**

OLAF's mission is to detect, investigate and stop fraud with EU funds.

OLAF fulfils its mission by:

- carrying out independent investigations into fraud and corruption involving EU funds, so as to ensure that all EU taxpayers' money reaches projects that can create jobs and growth in Europe;
- contributing to strengthening citizens' trust in the EU Institutions by investigating serious misconduct by EU staff and members of the EU Institutions;
- developing a sound EU anti-fraud policy.

In its independent investigative function, OLAF can investigate matters relating to fraud, corruption and other offences affecting the EU financial interests concerning:

- all EU expenditure: the main spending categories are Structural Funds, agricultural policy and rural development funds, direct expenditure and external aid;
- some areas of EU revenue, mainly customs duties;
- suspicions of serious misconduct by EU staff and members of the EU institutions.

### **For further details:**

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