

Statement by Commissioner Michaele Schreyer

Brussels, 9 July 2004

Today the Anti-Contraband and Anti-Counterfeit Agreement with Philip Morris has been signed. I am very pleased about that. Mr. André CALANTZOPOULOS has signed on behalf of Philip Morris International. 10 Member States have also signed the Agreement: Belgium, Finland, France, Germany, Greece, Italy, Luxembourg, the Netherlands, Portugal and Spain. On behalf of the European Community Mr Michel PETITE, Director General of the Commission Legal Service and Mr Franz-Hermann BRÜNER, Director General of OLAF, the European Anti-Fraud Office, have signed the Agreement.

We have concluded an agreement with PMI, which is quite unique in its scope and I am not afraid to use the term 'landmark' agreement here. We have built an efficient system to fight against future cigarette smuggling and counterfeiting.

What is the Agreement about? As you know, smuggling and counterfeit products cheat everyone: public budgets, consumers and legitimate businesses. And I am not talking here about individuals buying cigarettes across the border for their own consumption. I am talking about large scale and often organised illegal trade. The European Community and Member States are losing hundreds of millions, if not billions, of Euros per year from smuggling and counterfeit cigarettes. The European Community has always taken strict action against this. Today we are entering a new and very promising approach to address illegal trade in tobacco products. I sincerely hope that it shows the way forward.

The Agreement is truly innovative in many ways. It builds upon the prior efforts of all parties in this area. Let me give you two of them:

First, PMI has agreed to enhanced “KNOW YOUR CUSTOMER” procedures, to protect against illegal trade in cigarettes and money laundering.

Second we have agreed TRACKING AND TRACING procedures, to assist law-enforcement efforts to combat future smuggling and counterfeit.

This Agreement is not simply a pile of paper. It is the basis for strong coordinated action between the European Commission, through OLAF, national law enforcement authorities and PMI in the battle against smuggling and counterfeit cigarettes. This Agreement can only work if it is fully respected, not only in the letter but also in the spirit. We expect this to be the case.

The Agreement also provides for substantial payments by PMI. The payments could total some \$1.25 billion over the next 12 years. These could be used to combat smuggling and counterfeit. In addition, PMI will make payments in the event of future seizures in the European Community of its genuine products above defined quantities.

The Agreement entered into force today. It is the result of extensive negotiations and excellent co-operation.

I would like to thank Mr. Calantzopoulos of PMI for his personal commitment to concluding this Agreement.

I would like to thank my colleagues in the ten Member States for their unfailing support for this initiative.

I would also like to underline the magnificent work by the Legal Service and OLAF in preparing this Agreement, in particular of our chief negotiators, Mr Petite and Mr. Büner, and their staff.

We have ended all disputes between the parties in this area today. We look forward to moving forward with PMI in our fight to combat smuggling and counterfeit cigarettes effectively.

We will try hard to ensure that this Agreement works. We hope it will serve as a model for other manufacturers who are willing to work with us to combat illegal trade in their products.

I would now like to welcome Mr. Calantzopoulos and ask him to say a few words.

Thank you very much.