

Public-private partnership against cigarette smuggling The campaign “Appearances are deceptive”, launched in the North and North-East

Sighetu Marmăției, April 2 – Today, the extension of the anti-smuggling campaign “Appearances are deceptive” was announced, in the counties located at the Northern and North-Eastern border. The campaign is intended to show the public the real face of the illicit cigarette trade and is initiated by Euromonitor Business Consulting Services, at www.faracontrabanda.ro, in partnership with the General Customs Direction, acting within the National Agency for Fiscal Administration, with the direct support of the Territorial Border Police Inspectorate of Sighet, of the Maramureș County Police Inspectorate, of the Gendarmerie of Maramureș and JTI. On March 12, the campaign was launched in Timișoara, for the counties located in the South-West and in the West of the country, in partnership with the local authorities of Timiș County. The campaign messages were created by Publicis and shall be shared by **pastel**, during the period March-June, in 16 counties located in the North, North-East, West and South-West through several channels: press, outdoor advertising, direct communication.

„The cigarette black market has grown in January 2015 up to 19.2%, compared to 15.4% in November last year. The highest increase was registered in the North-East, specifically 10.8 p.p. As a matter of fact, this region was during the past 12 months the most vulnerable to the expansion of the illicit trade, at national level. In the North-West, the illicit trade has continued its ascending trend noticed in November 2014. It is interesting to note that, on the background of the conflict in Ukraine, there is a migration of the smuggled cigarettes flow from the border points located in the North-Western region to the ones located in the North-East”, has stated **Marian Marcu, the Manager of the Novel Research Company.**

„We shall spread the message of the campaign „Appearances are deceptive” also in the border regions from the North and from the North-East. Why the border areas? Because here, since always, the illicit trade has represented a business that is almost common. In the neighbouring countries from the North and North-East, which are not EU Member States and apply another taxation system than the Community system, the price of a cigarette pack is 5-6 times lower than in Romania. Consequently, the profit of the felons is huge: for a truck of illegal cigarettes they gain a million Euros! By the message of the campaign, „Appearances are deceptive”, we intend to send the public, simply and clearly, the fact that the smuggler networks, starting with the providers and ending with the sellers, are taking advantage from people with modest incomes. The idea has started from the way in which the last link of the smuggling chain appears, almost as poor as the buyer, which is actually only a part of the phenomenon, the end of a chain or of an actual network. Thereby, a two-faced guy was portrayed, which you pity and you think you are helping by buying an illegal cigarette pack, without knowing that in fact, under his worn off clothes, a thick gold necklace is symbolically hidden. The dual character is somehow similar to the characters of the „Filantropica” movie, standing out through shams and fraud: the hand that he holds out, telling a story for the faint-hearted buyer, that lets himself being robbed. If we take into account that 80% of the price of a cigarette pack represents taxes, the State is the one being actually robbed. At the same time, the life of the community is also robbed, as a cigarette smuggling network may be used also for trafficking drugs or even people”, has stated **Cristina Vasileoiu, the General Manager of Euromonitor Business Consulting Services.**

„Paradoxically, as so many times in our history, we are now also at the borders. This time, we are talking about the largest external border between Romania and the EU, exceeding 2,000 kilometres. Given that cigarettes are products subject to excises, the contraband with tobacco products represents a severe issue due to the significant losses caused to the State budget. As I have stated before, a new National Strategy is necessary to fight against the illegal cigarette trade, for the period 2015-2018, aimed at the enhancement of the regulation environment and the actual measures that should be implemented in a concerted manner by all responsible institutions. The General Customs Direction shall continue to enforce strong measures also in the future in order to reduce smuggling and shall encourage initiatives such as this, meant to raise awareness regarding the severity of the phenomenon at the level of the entire society. At this time, at the border points are active, with the support of the cigarette manufacturers, 33 canine teams trained to detect cigarettes and 11 canine teams with double training – drug and cigarette detection. Cooperation protocols were signed between the National Agency for Fiscal Administration and the large cigarette manufacturers, between the General Customs Direction and the Customs Administration in Moldova and Serbia, having as purpose to combat the illegal cigarette traffic. A similar document shall be agreed upon with Ukraine. Moreover, as the analysis performed by the Customs and the Novel study demonstrate an increase of the black market in the North, West and North-Eastern areas, as soon as the administrative capacity shall allow it, the monitoring of the small border traffic with certain products, including cigarettes, shall be resumed at the Border Customs Offices in Sighet, Halmeu and Siret”, has stated **Claudiu Ardeleanu, the General Manager of the General Customs Direction.**

„The organized crime represents a threat to the European economy and society. The response of the Border Police in the fight against organized crime is adapted to the complexity of this phenomenon and is aimed at the illegal migration, the trafficking of humans, weapons and drugs, and at cigarette smuggling, which is currently a predominant phenomenon at the Northern border of Romania with Ukraine. It is significant that the crime groups having as main business purpose cigarette smuggling, over Romania's state frontier (with Ukraine) are very well organized, while the action areas are permanently changing, speculating every method to introduce the cigarettes into the country and, not least, in order to take them out of the border area. It is a continuous fight of our colleagues against cigarette smugglers. Furthermore, attracting the people's support regarding the actions of the border police, meant to discourage smuggling, would be a key factor in the prevention of such deeds”, has stated **Liviu Bute, Chief Inspector at the Territorial Border Police Inspectorate of Sighet.**

“Considering the analysis performed by the General Inspectorate of the Romanian Police revealing the existence of the risk to magnify the criminal phenomenon in the North-Western area of Romania, with regard to the introduction in the country, transport, storage, distribution and trade of smuggled tobacco and cigarettes, as well as the data provided by the Novel research company showing that during the last period the level of the illicit cigarette trade was located at 19.2%, the Police Inspectorate of Maramureş County acts along with other territorial structures of the Ministry of Internal Affairs in order to combat cigarette smuggling in the area of Maramureş county, which is located in the border area, through the available communication means, as well as in the places located at the border with Ukraine. Under the coordination of the General Inspectorate of the Romanian Police, in the County of Maramureş, with the support of the specialized structures existing within the public order and national security system, integrated activities are frequently developed in order to identify the individuals and organized crime groups involved in smuggling activities, whereas for achieving the specific objectives, namely the de-structuring of such groups and proving their deeds, the police officers acting within this unit have approached the smuggling phenomenon from the perspective of the criminal enterprise”, has stated the **police quaestor, Dr. Viorica Marincea, to the Police Inspectorate of Maramureş County.**

„As a part of the activities intended to combat the organized crime, the Gendarmerie Inspectorate of Maramureş County, along with the other territorial structures of the Ministry of Internal Affairs, act in the cross-border sector in order to combat cigarette and tobacco smuggling, particularly in the places where the gendarmerie structures are operating (Borşa, Vişeu, Sighetu Marmăţiei, Dragomireşti, Baia Mare, Târgu Lăpuş, Fărcăşa, Ulmeni, Şomcuta Mare). Mainly, the forces of the Maramureş Gendarmerie act also in cooperation with the structures of the National Agency for Fiscal Administration, whereas they are a reporting body. All tobacco volumes resulted further to felonies are delivered to this institution. The captured tobacco products are afterwards delivered to the criminal pursuit bodies in order to continue the investigations and punish the authors. Based upon the Cooperation Plans, together with the Police Inspectorate of Maramureş County and the Territorial Border Police Inspectorate of Sighetu Marmăţiei, specific actions are permanently developed in the major and minor cities of this County, meant to fight against the illegal street trade of cigarettes and of other products subject to excises. The objective of the Gendarmerie Inspectorate of Maramureş County is to dynamize the activities developed in this field in order to reduce the phenomenon at County level”, has stated **Major Petru Marcel Florişteanu, Chief Inspector at the Gendarmerie Inspectorate of Maramureş County.**

„Competition represents the key to the development of any sector of the economy. As concerning our institution, in addition to the intervention in the legislative process, by the issuance of conformity approvals, the Competition Council plays also the role of a consultant, both for the public authorities and for the business environment. By its decisions, after analysing the information available on different markets, the Council steps in with actual and specific recommendations and requirements in order to correct the dysfunctionalities. Thus, after the completion of the investigation performed with regard to the cigarettes market, the Council has noticed severe market perturbations caused by the growth of smuggling and counterfeiting. This situation is likely to worry us, so, in order to identify the short-, medium- and long-term measures necessary to mitigate the impact of the illicit trade of tobacco products, the Council has recommended the Government to establish a regional group for fighting against the illicit cigarette trade, consisting of representatives of the Romanian authorities having duties in this area – the Ministry of Finance, the National Agency for Fiscal Administration, the General Customs Direction, the Ministry of Internal Affairs, the General Inspectorate of the Romanian Police, the Gendarmerie and the Local Police –, of the similar authorities from Moldova, Ukraine, Bulgaria and Serbia, as well as of the cigarette industry. Furthermore, it has requested the companies manufacturing cigarettes to send periodical information, for three years with regard to the measures implemented together with the competent authorities”, has stated **Dan Ionescu, Counsellor at the Competition Council.**

“HM Revenue & Customs is honoured to be a part of this initiative. The topics addressed by this campaign are of interest for both the United Kingdom and the European Union. Cigarette smuggling is a severe issue for the Great Britain. For each transport of 10 million cigarette units reaching the illegal markets in the United Kingdom, the Government in London loses over 2.5 million pounds from taxes, money that could be invested in the medical services, education, pensions, as well as in other areas of social security. Romania plays an important role in addressing this issue and therefore we would be delighted to join JTI and their initiative of working together with the Romanian partners”, has specified **Richard Paris, Fiscal Crime Liaison Officer, HM Revenue & Customs, at the Embassy of the United Kingdom of Great Britain and Northern Ireland in Romania.**

„The tobacco industry is the second largest taxpayer to the State budget after the companies from the oil sector. Last year, the large manufacturers have paid to the State budget about 2.7 billion Euros, representing excises, VAT, taxes and contributions. At the same time, we are very vulnerable to the external factors: the fiscal policy that has determined the increase of smuggling in 2014 and January 2015, as well as the geopolitical context. The conflict in Ukraine, the depreciation of the Moldovan Leu and the inflation in the Republic of Moldova are elements that are reflected in the prices practiced by the neighbouring countries and represent a stimulus for the escalation of the black market. Moreover, based upon the small traffic agreement concluded between Romania and Ukraine, the citizens living in the borderline areas shall be able to circulate without visas, a gap that shall be surely taken advantage from by the criminals. Even the launching of the Vidin-Calafat Bridge, which is actually a positive fact, has a negative impact upon the legal cigarette market. As on the internal border of the EU, between Bulgaria and Romania, the customs control no longer exists, the transports of tobacco and “cheap whites” are alarmingly on the rise. In addition to the regulation of these internal frontiers of the Union, with Bulgaria and Hungary, in order to reduce the black market, the unitary regulation, based on volume criteria, of the fiscal evasion and cigarette smuggling is required, as well as the provision of specific duties for the local police and the gendarmerie, as the illicit trade takes place in their competence area – markets, fairs, underground stations etc. At the same time, the tobacco manufacturers have signed cooperation agreements with the European Commission in order to fight against the illicit cigarette trade. We support the establishment, from the amounts allotted to Romania as a result of such agreements, of a bonus fund for the people with remarkable results in the fight against smuggling. Therefore, it is in our best interest to support the efforts of the authorities and campaigns such as this”, has stated **Gilda Lazăr, Corporate Affairs & Communications Director at JTI Romania, Moldova and Bulgaria.**

The most important information and communication materials of this campaign are posted on the platform www.faracontrabanda.ro. The launching today is a part of the fourth regional public campaign initiated by Euromonitor Business Consulting Services, aimed at the reduction of the cigarette black market. The previous campaigns have resulted in noticeable drops of the illicit cigarette trade in the areas where they were launched, for the periods they were performed in.