Cigarette smuggling in Romania
Risk factors and opportunities for intervention

March 2019
Motivation

- Significant social consequences
- High incidence;
- Financial consequences.
The Study Objectives

- To estimate the incidence of the phenomenon, its dynamics and its geographical distribution;
- To describe the etiology of the phenomenon and the factors that enable the proliferation of cigarette smuggling, in terms of legal framework, socio-economic factors, the work of the institutions involved in controlling the phenomenon, consumers and cigarette smugglers;
- To formulate a series of recommendations to increase the efficiency of police activities for preventing and fighting against cigarette smuggling.
Methodology

• The analysis of the official statistical data of the Romanian Police for the years 2017 and 2018, as well as of the statistical data centralized on the stopcontrabanda.ro portal;
• The analysis of the previous studies on cigarette smuggling in Romania;
• Interviews with representatives of the main institutions responsible for managing the phenomenon
  • In the first stage, interviews were conducted in Suceava, Maramureș, Bihor counties,
  • and in the second stage in Arad, Botoșani, Călărași, Galați, Giurgiu, Iași, Mehedinți, Prahova and Timiș counties, in Bucharest and in The Otopeni Airport.

„Stop Contrabanda” ("Stop Smuggling") is a campaign to inform and raise awareness of the economic and social effects that illicit cigarette trafficking has on the national economy, but also on the regions close to border points, a campaign supported by British American Tobacco, in partnership with the Border Police and the Romanian Police.
Statistical data - the evolution of the illegal cigarette market

The share of the illicit cigarette market in the total market

Source: Illicit Trade Tracking Study, Novel Research
https://www.novelresearch.ro/comertul-ilicit/
Sanctions

3353 crimes
- 2827 under the Customs Code
- 285 under the Tax Code
- 268 tax evasion

4017 civil sanctions

Total amount of 5,096,960 lei

46,766,735 seized cigarettes

Source: GIRP, Economic Crimes Investigation Directorate
Map No. 1. Number of cigarettes seized by Romanian Police in 2018

Source: GIRP, Economic Crimes Investigation Directorate
Map No. 2. Number of cigarette smuggling crimes recorded in 2018

Source: GIRP, Economic Crimes Investigation Directorate
Map No. 3. Total amount of fines for cigarette smuggling in 2018 -lei-

Source: GIRP, Economic Crimes Investigation Directorate
Have you ever been offered black market cigarettes to buy or smoke? (%)

- Yes, but rarely, that is to say less than once a month: 13%
- Yes, occasionally, that is to say once to three times per month: 8%
- Yes, regularly, that is to say once per week or more frequently: 4%
- No, never: 71%

In the last 12 months, have you ever bought counterfeit or smuggled cigarettes? (%)

- Yes, once: 9.5%
- Yes, several times: 6%
- No: 90.5%

Source: European Commission, Illicit tobacco trade, Romania fact sheet, 2016

Public Safety Survey, 2015
Summary of interviews
The evolution and the spreadness of the phenomenon

- cigarette smuggling takes place across the *entire Romanian border*,
- through *formal entry points (border points)*, as well as by sectors of the "green border",
- the bulk of this flow is "import", but there is also an "export" flow,
- *the sale* of products derived from this traffic is carried out *in all counties* of the country, in *urban areas* as well as in *rural* ones.
The evolution and the spreadness of the phenomenon

- **Before 1989,**
- **Variation** according to the *excise duties* set by the Romanian state;
- **2002** – the adoption of the Government Emergency Ordinance no. 104 on the customs procedure for goods traded under the *duty free regime,*
- **2007** - Romania's accession to the EU.
The smuggled products

- *cigarettes* produced by the *main companies* and legally marketed in non-EU countries, neighboring Romania (Ukraine, Moldova, Serbia);
- „*cheap whites*” - products of unknown origin;
- *products* used in the *cigarette manufacturing process*. 
Sources of cigarettes origin

Import flow

• Most of the smuggled cigarettes flow is supplied from Ukraine and Moldova, crossing the borders with these two neighboring states.

• Across the border with Serbia, cigarettes are brought from Serbia and other former Yugoslav states (Montenegro, Republic of North Macedonia), but smuggled cigarettes from North Africa were also identified.
Sources of cigarettes origin

- At the border with Bulgaria, apart from the cigarettes from Ukraine, cigarettes from Bulgaria, Greece, Russia, China and especially from Turkey were identified.
- At the air borders – within the international airports in Romania – cigarettes from China, Vietnam and countries in the Middle East (Lebanon, U.A.E. etc.) have been discovered.
Sources of cigarettes origin

*Export flow,* the one that is made from Romania to other countries:

- cigarettes originating from *Ukraine* and *Moldova* are used, but there were situations when the cigarettes discovered were of *Chinese* or *Bulgarian* origin, bottled in *packs without tax stamps.* Also, significant quantities of *taxed cigarettes,* purchased from the *Bulgarian* or *Romanian* market, were identified.
The smugglers

Different levels and forms, from occasional and amateur to organized and professional

- Romanian citizens – *travel for tourism*,
- Residents in the border area – *small border traffic*,
- Smuggling carried out by persons who, *by the nature of their activity, frequently cross the Romanian border* – truck or bus drivers, trains staff, etc. – activity carried out as a personal initiative and not as part of a network,
- People who *frequently, systematically, intentionally conduct this type of behavior*, but are not part of organized networks and work individually,
- *Organized crime networks.*
The smugglers

- The transport, storage and sale are generally performed by Romanian citizens or persons who have dual citizenship.
- Although this activity involves a collaboration with the offenders from the neighboring countries from which the cigarettes originate, their presence on our country territory is only rarely encountered.
The smugglers

• In the criminal attempts that took place at the *air borders*, besides the Romanian citizens, Vietnamese, Chinese, Lebanese, Syrian citizens were involved (travelling alone).

• As part of the *exit flow* from Romania, cigarette smuggling mainly involves Romanian citizens, some of them being related to other nationals who are located in Western European countries.

• Criminal networks: Tolerance vs. Tensions
Ways of action

- they are diverse, from the simplest to the most complex ones;
- elaborated methods of action are used by organized crime networks

**Stages:**
- getting the cigarettes
- transporting smuggled cigarettes across the border: pedestrian, by road, by rail, by water, by air
- storage
- selling
Ways of action

+ 3 additional stages:

- *counterfeiting* of cigarettes
- *”intelligence” activities*
- using *courier services*
Causes and enabling factors

- the price
- the poverty of broad categories of population vs. earning relatively easy high income
- legislative, judicial and procedural deficiencies that make the legal response to this criminal activity difficult or reduce its efficiency
- corruption in various sectors
Difficulties in activity and proposals to remove or remedy them

- Insufficient staff, lack, insufficiency or improper quality of non-specific facilities (buildings, computers, software, etc.), limitations in carrying out an efficient informative work (e.g. encouraging informers)

- Legislative, judicial and procedural issues
  - too light penalties/sanctions,
  - difficulty in proving the subjective side, the intentional aspect ("it is very difficult to prove good knowledge, bad faith")
  - failure to complete the judicial proceedings

- Proposals
  - extensive confiscation of unjustified income or property and/or resulting from smuggling punishment
  - harmonization of the relevant Romanian, Moldovan and Ukrainian legislation
Difficulties in activity and proposals to remove or remedy them

- **Logistical issues**

- **Customs** - high performance, fixed and mobile scanners, volume detection devices, useful in detecting hiding places in the structure of vehicles, dogs specialized in detecting tobacco products.

- **Failure to refer infringements of the legal provisions** that limit the legal quantity that an individual can bring into the country to a maximum of two packs of cigarettes within seven days – no databases in which customs personnel can check the frequency of border crossings by a person.

- **Technical difficulties** posed by the technical inspection of a motor vehicle.

- **Police and Border Police** - the need for high-performance surveillance equipment (drones, video cameras, beacons).

- **Introduction of results-based incentive mechanisms** to reward the work of employees in the event of tobacco captures.
Recommendations

• Setting up some *specialized units* to combat this criminal phenomenon (Romanian Police):
  • should work at *county* or even *regional* level;
  • should have *experienced police officers* (experience in this area);
  • should have *efficient logistical means*;
  • granting all police officers who are in charge with investigating such crimes *extended mandates* (criminal police clearance, road police clearance, increased access to databases).
Recommendations

• Adopting a pro-active attitude:
  • Overcoming the current passive attitude of all responsible state institutions and taking over the initiative "to search, identify, track, sanction offenders and permanently discourage potential smugglers"

• Intensifying the operative actions – domestically and internationally:
  • By increasing control measures, both regarding domestic consumption and smuggling from neighboring countries
Recommendations

• Conducting consumer awareness activities regarding the consequences of this phenomenon:
  • the purchase of cigarettes from illicit sources presents a major risk to the health of the population (cigarettes are hidden in improper spaces, for example, petrol tanks),
  • the legal consequences of buying smuggled cigarettes,
  • by buying smuggled or counterfeit goods, they contribute to maintaining and developing this phenomenon that has a negative impact on the national economy.