

# Detection of illegal cigarettes rising

**T**he escalation of cigarette smuggling around the world is raising interest in government and industry sectors world-wide.

An unprecedented number of illegally imported cigarettes detected by Customs in Australia in the past 12 months could have resulted in prevented duty evasion of more than \$20 million.

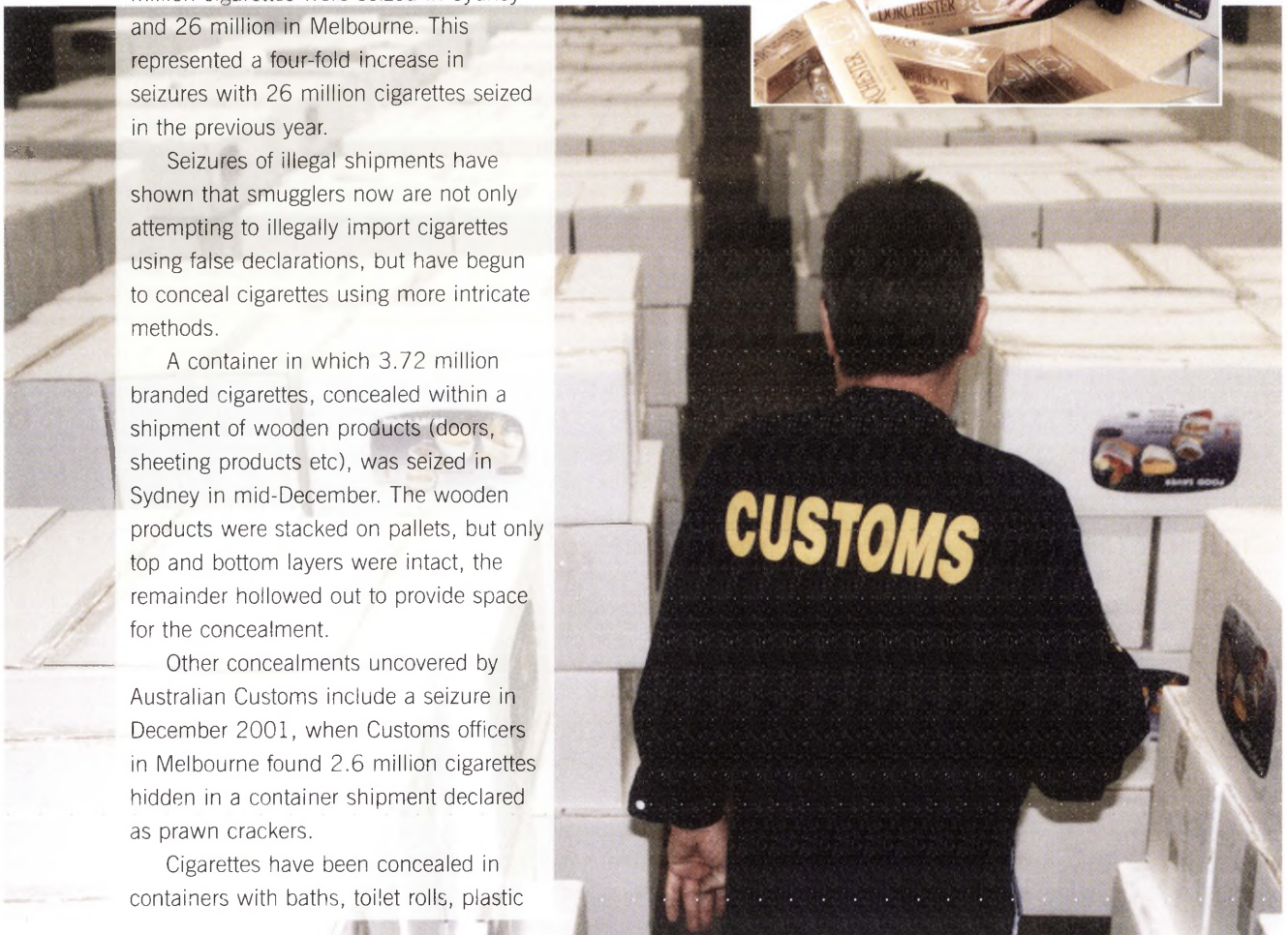
Analytical work by Customs officers uncovered 36 illegal shipments, totalling seizures of more than 100 million cigarettes in the 2001 financial year - 72 million cigarettes were seized in Sydney and 26 million in Melbourne. This represented a four-fold increase in seizures with 26 million cigarettes seized in the previous year.

Seizures of illegal shipments have shown that smugglers now are not only attempting to illegally import cigarettes using false declarations, but have begun to conceal cigarettes using more intricate methods.

A container in which 3.72 million branded cigarettes, concealed within a shipment of wooden products (doors, sheeting products etc), was seized in Sydney in mid-December. The wooden products were stacked on pallets, but only top and bottom layers were intact, the remainder hollowed out to provide space for the concealment.

Other concealments uncovered by Australian Customs include a seizure in December 2001, when Customs officers in Melbourne found 2.6 million cigarettes hidden in a container shipment declared as prawn crackers.

Cigarettes have been concealed in containers with baths, toilet rolls, plastic



Customs officer Dave Jackson searches through seized boxes of cigarettes.

shopping bags, charcoal, furniture, foodstuffs and even computer cases. Australian Customs has also stopped several huge illegal container shipments of cigarettes in Sydney and Melbourne.

In Britain, cigarette smugglers have attempted to conceal cigarettes in surfboards. In another instance, Customs officers in Britain used blowtorches to reveal 3.6 million cigarettes covered with fire blankets hidden in the arms of eight huge cranes, while a million cigarettes were discovered in the floor and roof of a freight vehicle carrying fish.

Customs in Australia works closely with the Australian Federal Police, the National Crime Authority, the Australian Taxation Office and tobacco companies in attempts to halt the illegal trade.

In Australia there were seven Customs prosecutions for cigarette smuggling offences in 2001, including a six-month jail sentence and fines of \$666 000 and \$266 000. Penalties for illegal import of cigarettes under criminal law can lead to imprisonment of up to 10 years and/or a fine. Civil action can lead to fines of up to five times the amount of duty not paid.

The Minister for Justice and Customs, Senator Chris Ellison, said that, apart from the attempted revenue evasions, illegal importations threaten the business of legitimate cigarette importers, manufacturers, wholesalers and retailers.

"Intelligence suggests that organised criminal groups, some with links to the drug trade, are increasingly moving into the cigarette trade which is seen as a lucrative sideline," Senator Ellison said.

The head of detection central with British Customs, England, Bob Skinner, said tobacco smuggling in Britain was a major business, professionally run even down to the setting up of business continuity plans to offset the effects of Customs taking out a supply chain. British Customs seized 2.8 billion

cigarettes - 1.9 billion in Britain and 0.9 billion en route.

Investigators have broken up 56 major excise smuggling gangs, 43 of them involved in the large-scale smuggling and supply of cigarettes.

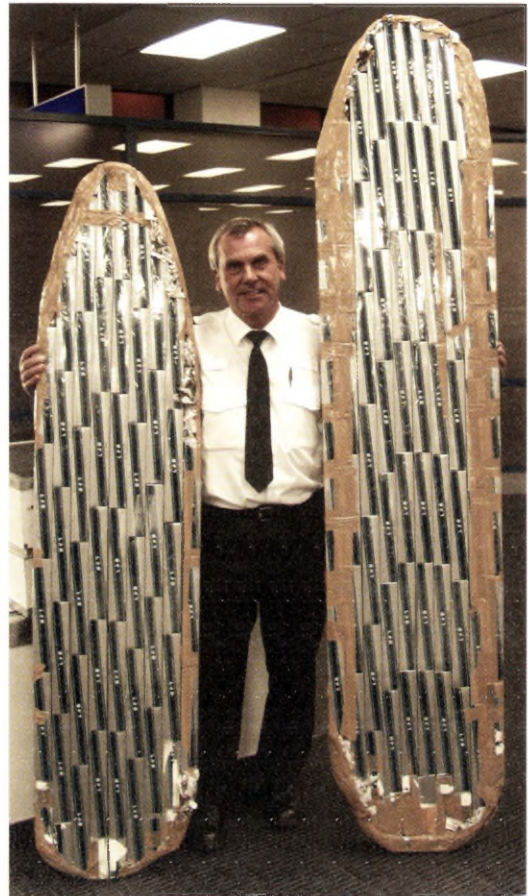
A wide range of brands, both real and counterfeit, including most of the well-known brands sold in Australia, have been included in attempted illegal shipments into the country. Prominent health warnings are required on all cigarettes sold in Australia. It is illegal to sell cigarettes in Australia without this warning.

Cigarettes illegally imported often do not comply with stringent government requirements for health warnings and industry controls on quality of production. These cigarettes might have been manufactured in factories where quality control procedures do not exist. These factories have been known to use pesticides and other dangerous chemicals in attempts to prolong the shelf life of tobacco products.

Seized cigarettes are forfeited. After court action, the cigarettes are destroyed. Destruction is usually done by crushing them in an industrial-size crushing machine, mangling them for use as landfill. The aluminium foil and plastic wrapping means that cigarettes are unsuitable for composting.

Customs agencies around the world are continuing to investigate and detect illegal imports of cigarettes.

"The number and volume of seizures made by Customs in Australia indicate an efficient border service that is committed to ensuring that government laws are observed, industry is protected, and that the Commonwealth collects the revenue to which it is entitled," Senator Ellison said.



Bob Skinner, of British Customs, with "surfboards" manufactured from cartons of cigarettes, used in an attempted illegal import of cigarettes into Britain.