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"Opening Speech"

Check Against Delivery
Seul le texte prononcé fait foi
Es gilt das gesprochene Wort

"EU-US Investigators and Prosecutors Conference"

Dublin, 20 September 2010

Distinguished guests, ladies and gentlemen,

It is my great pleasure to be in Dublin today, particularly in such a magnificent historic setting, to welcome you to this Conference, the aim of which is to review and reinforce our joint efforts in the fight against the smuggling and counterfeiting of cigarettes.

In the EU the evolution and growth of the illicit tobacco market has been remarkable. Contraband and counterfeit cigarettes can be found in all of the EU Member States. But this is not only an EU problem. The illicit tobacco trade has developed into a global phenomenon, requiring global solutions.

Over the coming days we will hear from our US colleagues about the growth of the illicit market in the USA and the efforts of Congress and US law enforcement to address this issue.

As the Commissioner responsible for protecting the EU's financial interests, I am acutely aware of the huge revenue losses to the EU budget and the Member States as a result of tobacco smuggling. These are currently estimated to be €10 billion a year as my colleague just pointed out.

Ultimately this loss to the taxpayer means less investment in services that are important to the continued prosperity of our citizens like health, education and infrastructure.

More than ever, at these times of economic crisis and budgetary cuts, safeguarding revenue sources must take high priority. For this reason I am determined that the Commission will continue to play a full and active role in continuing to disrupt and help bring to justice those involved in smuggling cigarettes into the EU.

However, important as they are, financial losses are only one part of the negative and destructive effect of cigarette smuggling: Apart from the aspect of public health and the intellectual property rights of the legitimate tobacco industry the involvement of organised crime in the illicit tobacco trade is especially important.

The substantial profits that can be made from counterfeiting and smuggling cigarettes have attracted criminal groups who operate internationally and are involved in a range of other serious criminal activities.

Smokers who buy a cheap packet of cigarettes commit a relatively minor offence, but may in fact be generating profits for criminals who are also involved in more serious types of crime such as smuggling drugs and weapons.

To any citizen who is tempted to make a purchase from the illegal traders, I would say "think about what you are buying". You may pay very dearly for an apparently cheap cigarette. You do not know where it is coming from. You do not know what is in it. You are substantially increasing the threat to your health. You are threatening your society by encouraging criminality.

The European Anti-Fraud Office, OLAF, has a unit dedicated to fighting tobacco crime and assisting and supporting the authorities in the Member States in addressing the problem. This unit is also responsible for investigations and the coordination of investigations by national authorities within the EU and third countries concerning contraband and counterfeit cigarettes.

The Unit has a long-standing and excellent relationship with Irish Revenue, a relationship that has delivered substantial results on all sides. Ireland has also made a constructive contribution to, and been a strong supporter of, anti-fraud measures in an international arena.

For example Ireland supported OLAF in the on-going negotiations in the World Health Organization on a Protocol on the Elimination of the Illicit Trade in Tobacco Products that they are coordinating on behalf of the EU.

Engagement with legitimate traders is also an important part of the Commission's strategy to combat contraband and counterfeiting.

On July 15th the Commission and 24 Member States, including Ireland, signed a legally binding Cooperation Agreement with British American Tobacco while the other three Member States are expected to sign the Agreement before the end of the year.

As many of you know, Cooperation Agreements were signed with Philip Morris International in 2004 and with Japan Tobacco in 2007 and all 27 Member States are parties to these Agreements.

In other parts of the Commission, a range of initiatives are being taken which should have an impact on smuggling and help law enforcement agencies in their daily work, for example: strengthening controls on the external borders of the EU through the establishment of FRONTEX and the implementation of the External Border Fund. As you know, this Fund has been created to assist Member States to implement common standards on the EU's external border control and visa policy with a budget of 1.820 million € for the period 2007-2013.

Another example is the on-going procedure of evaluating and improving the practical implementation of the European Arrest Warrant.

Without international cooperation however, our efforts to protect the revenue and well-being of citizens from tobacco crime will be limited. The main focus of this conference is international cooperation.

EU/US cooperation is nothing new. Since 1997 an agreement on EU/US co-operation and mutual assistance in customs matters has been in place.

On the basis of this Agreement there has been excellent cooperation between the authorities in the EU and the US which has led to numerous cigarette seizures, investigations and arrests.

The "Operation Barrie" and the "Miami case" which will be presented to you during this conference are good examples of this cooperation. I am especially pleased to hear the latest result of this close cooperation: In the Miami case the main principle was arrested last Friday!

Our cooperation has delivered tangible results and I would like to thank, and indeed congratulate, U.S. Immigration and Customs Enforcement (ICE) and the U.S. Department of Justice for this work.

In January 2010 OLAF signed a Cooperation Arrangement with the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives. I welcome this as a sign of our ever closer relationship and our shared commitment to combat organised crime.

But we cannot afford to be complacent. The criminal gangs fuelling the illicit trade are devious and inventive. As the problem evolves, so must the response of policy-makers and law enforcement. We are now confronted with huge volumes of counterfeit from China, a growth in counterfeit production in the EU and a flood of so-called "cheap whites". Criminals do not operate within the confines of borders and nor must law enforcement.

Our cooperation must continue to lead to concrete results. The next steps should focus on two issues -Firstly the exchange of targeted information and intelligence to ensure that law enforcement are ready to respond to changes in modus operandi, new trends and emerging threats.

The second area of focus should be to identify areas where we have common priorities and targets and where we may be able to join forces to make the most efficient use of precious resources.

We have already had a number of great successes. I hope that this conference will generate specific ideas and initiatives to ensure that we do not lose momentum.

In that context we should consider making this a bi-annual event so that we learn from our shared experience and put it into practice in tackling criminal activity together.

Mr Chairman, ladies and gentlemen, I am sure that your discussions in the next few days will be intense and interesting.

It is important for all of us that this dialogue continues on the issues I have mentioned after you return home on Wednesday and that your conclusions produce practical results.

I wish you every success in your discussions and look forwards to seeing their outcome.

Thank you for your attention.