

# The ITTP along the Balkan route: addressing institutional gaps and corruption” – Greece.

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## FACTORS RELATED TO THE EXPANSION OF ILLICIT TOBACCO TRADE IN GREECE

- ▶ The Geographical position and morphology of Greece (extensive sea borders, external EU borders)
- ▶ The progressive increase in taxation (especially of excise duties).
- ▶ The effects of the economic crisis (The illicit market soared from 3% in 2009 to 19% in 2016)
- ▶ The high revenues for organized crime networks combined with low risk of this criminal activity and the provision of low penal sanctions.

## FACTORS RELATED TO THE EXPANSION OF ILLICIT TOBACCO TRADE IN GREECE

- ▶ Institutional and legislative gaps
- ▶ Anti-smuggling policies focusing exclusively on controls and not on the social roots of the illicit trade.
- ▶ The structure of the criminal networks which control the supply chain
- ▶ The social tolerance towards illicit trade
- ▶ The occasional participation in the criminal networks of persons who are not permanently involved in criminal activities
- ▶ The operational effectiveness of Law enforcement Authorities
- ▶ The possible participation of the tobacco industry
- ▶ The corruption of civil servants

## The legal Tobacco Market

Three tobacco companies have the largest share and domain in the production, marketing and exporting tobacco products:

a) **PAPASTRATOS SA**, which has been operating as a **subsidiary of PHILIP MORRIS INTERNATIONAL**, based in Aspropyrgos (Region of Attica) since 2003.

b) **KARELIAS SA**, based in Kalamata (Region of Peloponnese) and

c) **Cooperative Greek Tobacco Industry SA (SEKAP)** based in Xanthi (Region of East Macedonia and Thrace), which was acquired by Japan Tobacco Inc. in 2018.

In the Greek Market are also active mainly three import companies:

a) the **Japan Tobacco International**, b) **The British American Tobacco (BAT)** and c) **The Imperial Tobacco Ltd**

## The Crime Context: The illegal tobacco products Market

- ▶ Important and lucrative activity for criminal groups.
- ▶ The profits from tobacco smuggling exceeds the profits from drug trafficking.
- ▶ The majority of illicit products (mainly cigarettes) entered the country via the Piraeus and Thessaloniki ports, which are the biggest ports in Greece.
- ▶ The bulk of the illicit tobacco products is smuggled via maritime routes

## The Crime Context: The illegal tobacco products Market

- ▶ Greece is mainly a transit country for the shipments from Asia and Africa which are directed to Central, Northern and Western Europe.
- ▶ The vast majority of illegal tobacco products (70-80%) is directed to North and West European countries, mainly to Germany and the UK, and is smuggled through Italy.
- ▶ The remaining 25% is domestically traded for internal consumption.
- ▶ Greece is a destination country for consignments of ITTP from Ukraine, Belarus, Montenegro, North Macedonia, Moldova, Bulgaria, Cyprus and Turkey.
- ▶ The import of tobacco products via the land borders is made mainly through Bulgaria, Albania and Turkey.
- ▶ With regard to Bulgaria it is very common that small quantities of cigarettes are transported by trucks and traded in villages in Northern Greece.


## The Crime Context: The illegal tobacco products Market

Most common countries of origin are China, the United Arab Emirates, Egypt and Libya.

According to police reports, China is one of the main producers and country of origin for illicit products.

The vast majority of such products that enter through the main ports of Greece are illicit whites produced in China or in the free trade zones of the UAE.

## Current trends in Illicit Market

- ▶ From transit country  destination country
- ▶ decrease in the number of cases related to cigarette smuggling (respectively – quantities) and an increase in cases related to fine-cut tobacco smuggling.
- ▶ decrease of seizures regarding illicit tobacco products via ports and Greek borders.
- ▶ several factors as: the strengthening of controls and the effectiveness of the authorities; the turning of criminal networks into other more lucrative activities such as illegal immigration and human trafficking and the operational focus of law enforcement bodies on illegal immigration, especially at the borders with Turkey.

## Current trends in Illicit Market

- ▶ strong trend in recent years regarding the establishment of illegal factories in isolated areas
- ▶ The criminal networks hire workers and immigrants, provide them with materials, materials, and instructions for setting up machinery and producing illegal cigarettes.
- ▶ The low level of the network, who work in the factory and produce illegal cigarettes usually has no contact with the criminal entrepreneurs.

## Institutional and legal environment

- ▶ **National Customs Code (Law 2960/2001)**
- ▶ smuggling is considered as an administrative and criminal offence subject to multiple charge payment, fines and imprisonment.
- ▶ The acts of smuggling are criminalized proportionally to the size of public revenue losses.
- ▶ **Smuggling is considered as a misdemeanour, if the duties and taxes losses do not exceed 50,000 EUR.**
- ▶ **When the customs duties and taxes exceed 150,000 EUR, smuggling is considered as a felony.** When the customs duties, taxes and other charges for the smuggled goods do not exceed a total of 70,000 EUR, the perpetrator can avoid seizure of property and criminal prosecution, by paying directly the customs duties, taxes and other charges.

## Institutional and legal environment

By the law 4410/2016 Greece incorporated the European Directive 40/2014. The ratio of this legislation was to establish a control system at each stage of supply chain, establishing:

- **A licensing system at each stage of the supply chain of tobacco product**
- ***A Unified Central Register of Tobacco Supply Chain and Industrialized Tobacco*** in the Customs Information System (CIS).
- **A “know your client” system for due diligence**
- **The prohibition of the Cross-border distance selling of tobacco products via internet.**
- **A track and trace system to control the traffic of tobacco products at all stages of the supply chain**

## Institutional and legal environment

- ▶ The main agencies involved in cases of smuggling are:
  - 1. Customs**
  - 2. The Hellenic Police**
  - 3. The Hellenic Coast Guard**
  - 4. SDOE Special Secretariat for Financial and Economic Crime Unit**

Regarding the number of cases and seizures the most important authorities are Police and Customs. Police handle most cases of smuggling, while customs authorities seize the larger part of the quantities on annual basis.

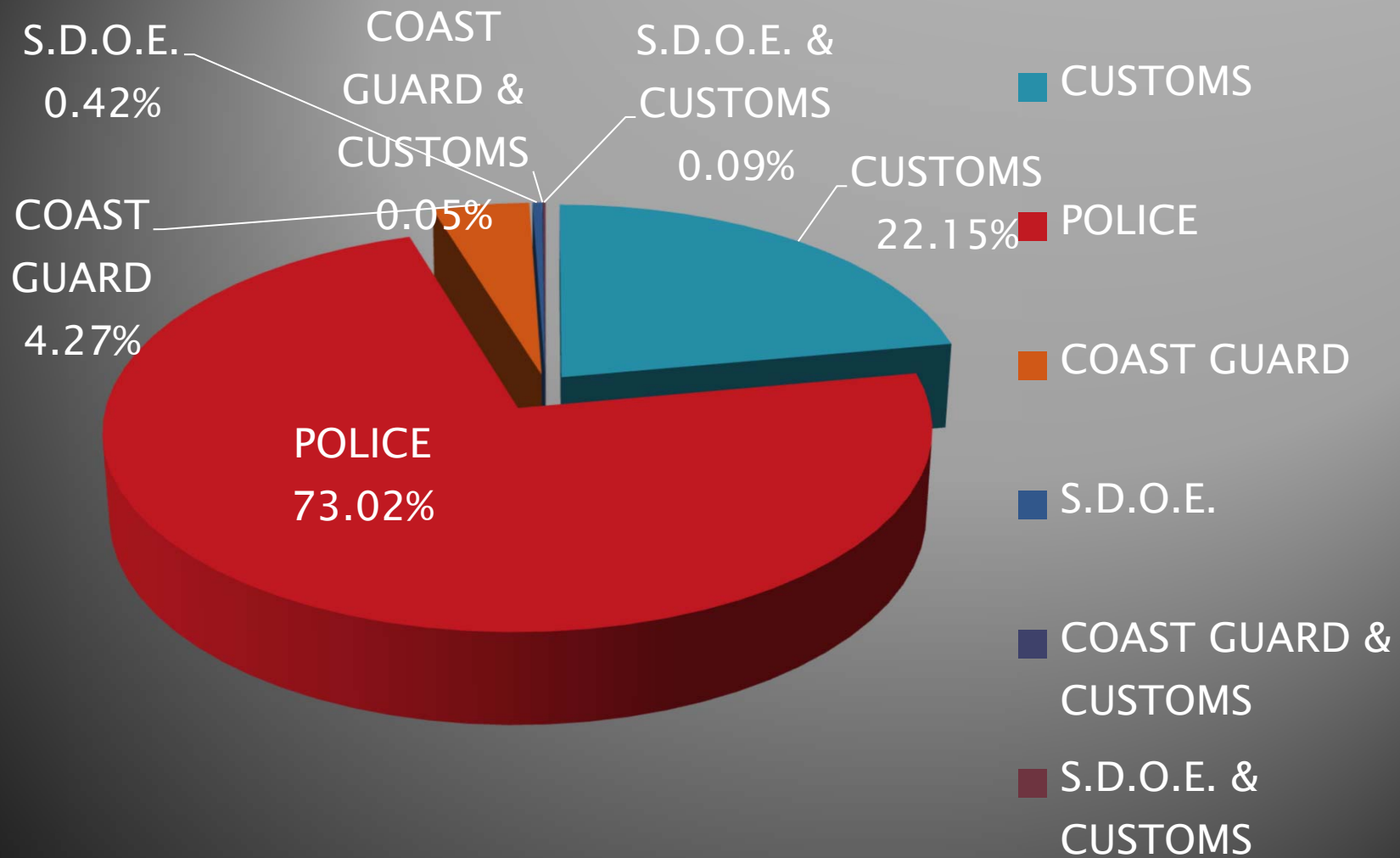
# SEIZURE OF TOBACCO PRODUCTS YEAR 2018

- Total seizure cases: 2,131
- Total seized quantity: 322,052,176 (in cigarette pieces)
- Proportionate excise duties & taxes: 63,876,887 €

## SEIZURE OF TOBACCO PRODUCTS CASES BY LAW ENFORCEMENT AUTHORITY

<b>Law Enforcement Authority</b>	<b>Total number of seizure cases</b>	<b>Percentage %</b>
<b>Customs</b>	<b>472</b>	<b>22.15%</b>
<b>Police</b>	<b>1,556</b>	<b>73.02%</b>
<b>Coast Guard</b>	<b>91</b>	<b>4.27%</b>
<b>S.D.O.E.</b>	<b>9</b>	<b>0.42%</b>
<b>Coast Guard &amp; Customs</b>	<b>1</b>	<b>0.05%</b>
<b>S.D.O.E. &amp; Customs</b>	<b>2</b>	<b>0.09%</b>
<b>Total</b>	<b>2,131</b>	<b>100%</b>

# SEIZURE OF TOBACCO PRODUCTS CASES BY LAW ENFORCEMENT AUTHORITY



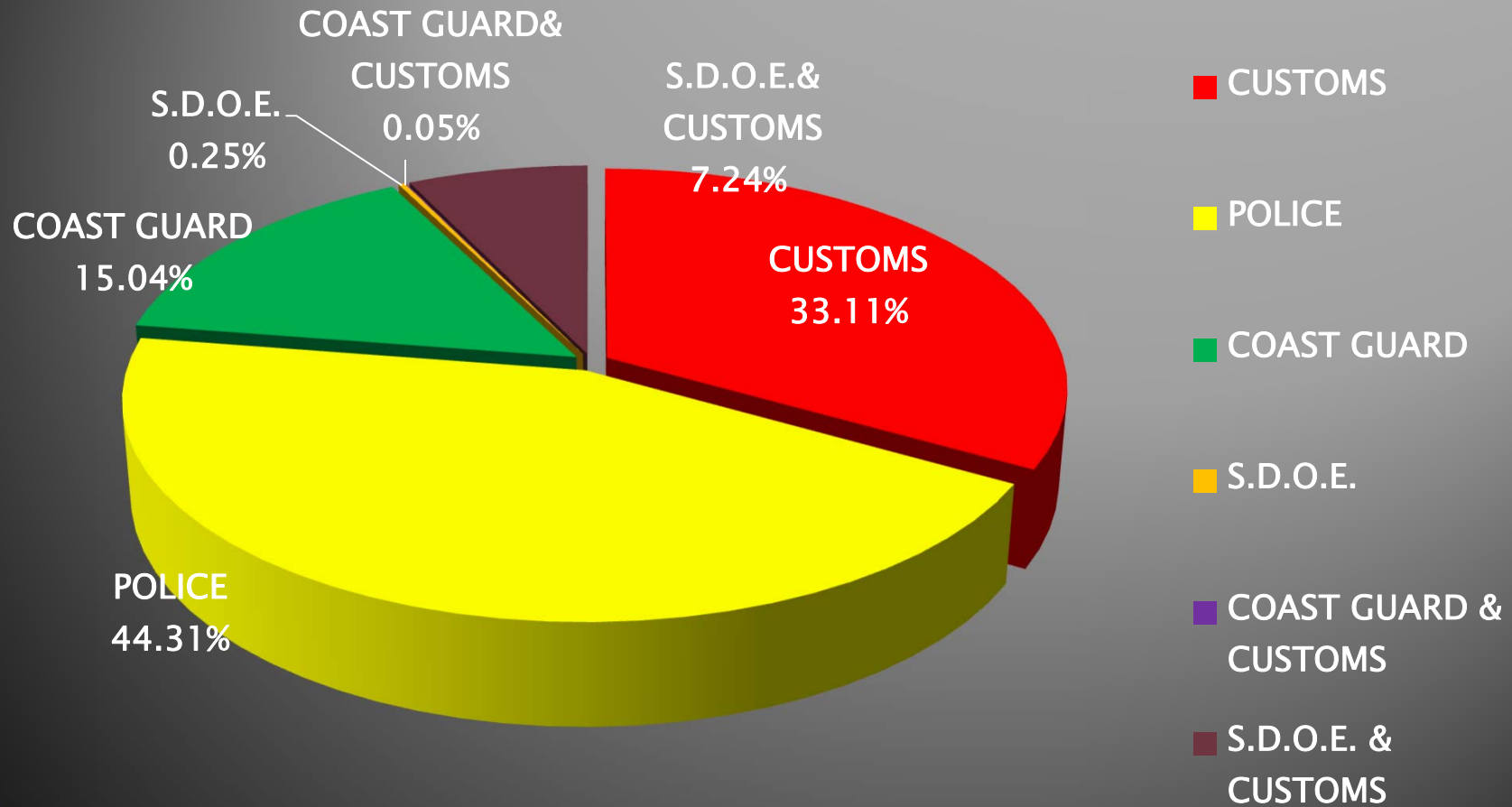
*Compiled by Division of Strategy of Customs  
Controls & Offences – Section C.*

# SEIZURE OF TOBACCO PRODUCTS QUANTITY BY LAW ENFORCEMENT AUTHORITY

Law Enforcement Authority	Total seized quantities	Percentage %
Customs	106,638,100	33.11%
Police	142,702,947	44.31%
Coast Guard	48,447,349	15.04%
S.D.O.E.	815,780	0.25%
Coast Guard & Customs	148,000	0.05%
S.D.O.E. & Customs	23,300,000	7.24%
<b>Total</b>	<b>322,052,176</b>	<b>100%</b>

*Compiled by Division of Strategy of  
Customs Controls & Offences – Section C*

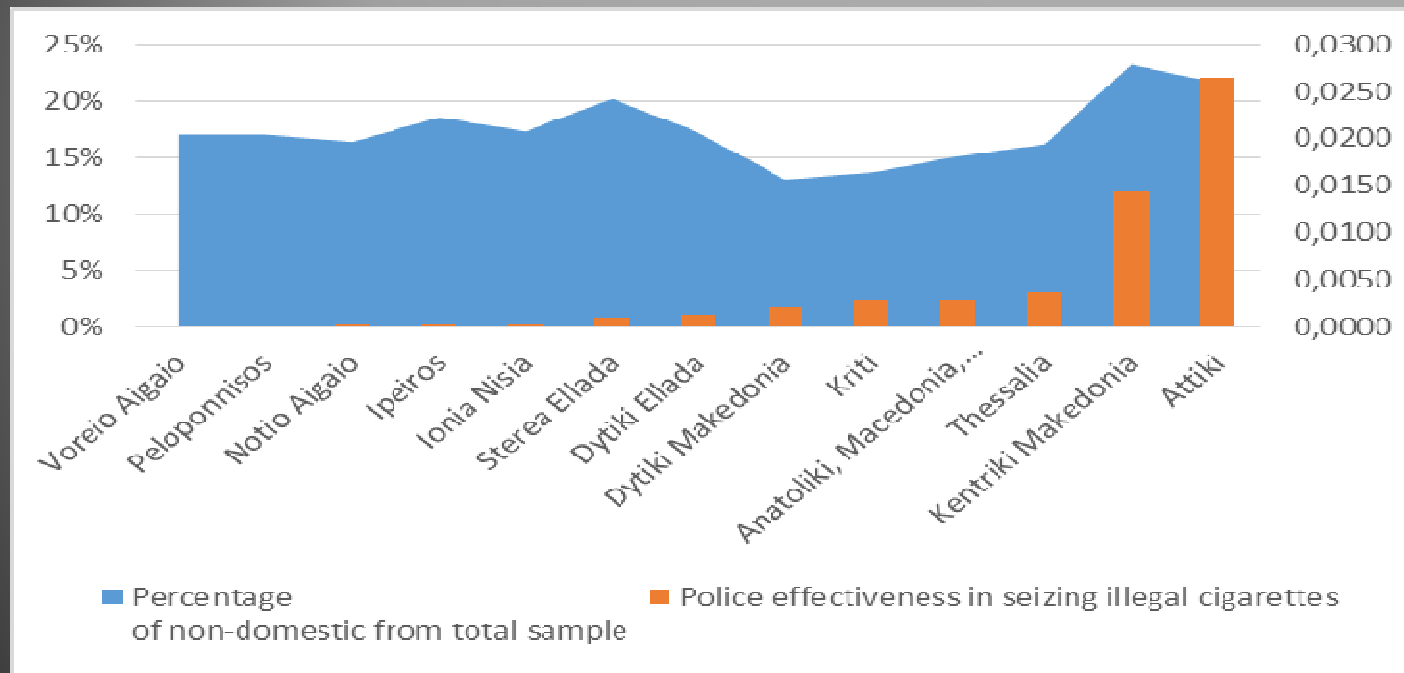
# SEIZURE OF TOBACCO PRODUCTS QUANTITY BY LAW ENFORCEMENT AUTHORITY



# SEIZURE OF TOBACCO PRODUCTS PROPORTIONATE EXCISE DUTIES & TAXES BY LAW ENFORCEMENT AUTHORITY

Law Enforcement Authority	Proportionate Excise Duties & Taxes (in €)	Percentage %
Customs	20,898,121	32.71%
Police	27,855,917	43.61%
Coast Guard	10,038,373	15.72%
S.D.O.E.	201,764	0.32%
Coast Guard & Customs	35,331	0.05%
S.D.O.E. & Customs	4,847,381	7.59%
<b>Total</b>	<b>63,876,887</b>	<b>100%</b>

# Index 1: Police effectiveness in seizing illicit cigarettes



# Methodological restrictions

- Lack of data in NUNTS 3
- no information about the personnel distribution at regional level
- no recent regional data on annual average salary for Greece
- no data on penal decrees issued by regional customs authorities

# Index for the illicit Cigarette Market Assessment

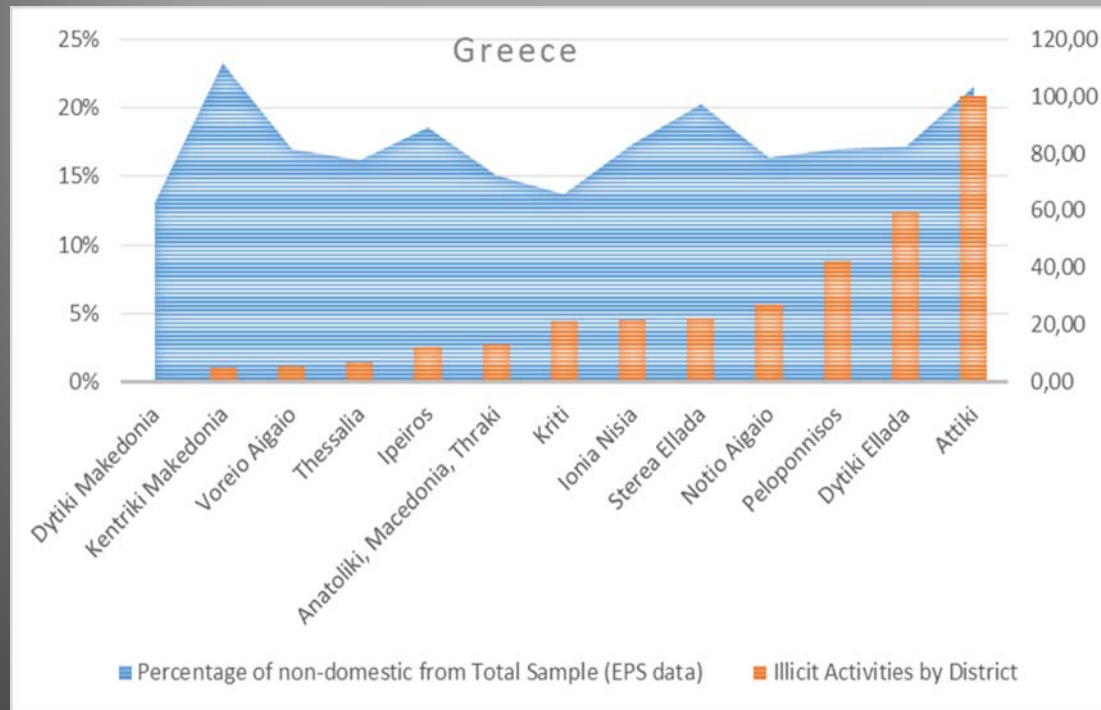


Figure 18. Most often consumed illicit cigarette brands seized below the average police seizure levels in 2017<sup>119</sup>



# seizures deviations index (SDI)

5 high-risk brands in 2016 –

ASSOS

AVALON

GR

PALL MALL

L&M

12 cities: Acharnes, Athens, Chania, Ioannia, Iraklion, Kordelio-Evosmos, Larisa, Patras, Pavlos-Melas, Peristeri, Thessaloniki and Volos.

**Table 7. Potential local privileged criminal actors in Greece based on SDI and EPS**

IOANNIA, 2016			IRAKLION, 2016		
Top 5	Share of all illicit cigarettes	SDI	Top 5 Iraklion	Share of all illicit cigarettes	SDI
GR	23.93%	100	GR	17.56%	100
COOPER	11.34%	9	MARLBORO	13.25%	2
ROYAL	10.08%	1	COOPER	12.26%	9
MARLBORO	8.82%	2	ROYAL	9.28%	1
BON	3.78%	100	RAQUEL	6.63%	1

VOLOS, 2016		
Top 5 Volos	Share of all illicit cigarettes	SDI
GR	15.63%	100
GOLD MOUNT	11.46%	100
COOPER	9.38%	9
ROYAL	6.25%	1
PRESIDENT	6.25%	1

Source: CSD calculations based on EPS and police and customs seizures data.

Thank you for your attention!!