

OLAF and International Partners Track Down Massive Cigarette Smuggling Network, Uncovering EUR 550 Million Tax Fraud

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The European Anti-Fraud Office (OLAF), in close collaboration with international partners, has been instrumental in dismantling a large-scale cigarette smuggling operation that resulted in a tax loss of nearly EUR 550 million.

OLAF's role in coordinating intelligence has been pivotal in uncovering the illicit trafficking of 1.5 billion untaxed cigarettes smuggled into the EU. The operation has been carried out jointly by the Hanover Customs Investigation Office, the Belgian and Dutch customs authorities, OLAF, and Eurojust.

The operation has led to at least 10 arrests and over 15 searches in Germany, Belgium and the Netherlands. The operation targeted 18 suspects involved in a global organised crime ring focused on the trafficking of untaxed cigarettes.

The criminal network produced cigarettes in licensed manufacturing facilities in Türkiye and Iran, exported them to overseas ports, and later shipped them to EU Member States, where they were sold. The smuggled goods discovered were concealed in over 150 overseas containers under false product descriptions, using false customs declarations and fictitious consignees.

OLAF provided critical support in gathering and analysing intelligence, coordinating between Member States and third countries, and ensuring the successful execution of operations. "*This case demonstrates OLAF's unwavering commitment to protecting EU finances and the EU market from smugglers,*" said Ville Itälä, OLAF's Director General.

Investigation began in 2020

The investigation began in May 2020, when Belgian Customs identified discrepancies in three containers supposedly carrying construction materials to a company in Hannover. Subsequent inspections revealed that two containers were fully loaded with untaxed cigarettes, whereas only one was actually filled with the legitimate cargo. Six individuals, including the transporter and a logistics coordinator, were arrested in an initial raid in Moers, Germany.

Through intensive intelligence-sharing, OLAF enabled investigators to detect and intercept additional smuggling activities. Evidence gathered indicated that over 20 containers of untaxed cigarettes had been smuggled using similar methods. Collaboration with Dutch authorities allowed investigators to locate interim storage facilities and intercept shipments before they reached buyers.

This operation underscores the importance of international collaboration in safeguarding the EU's financial interests and combating organised crime. OLAF remains dedicated to ensuring that EU taxpayers' money is used transparently and for its intended purposes.

OLAF mission, mandate and competences:

OLAF's mission is to detect, investigate and stop fraud with EU funds.

OLAF fulfils its mission by:

- carrying out independent investigations into fraud and corruption involving EU funds, so as to ensure that all EU taxpayers' money reaches projects that can create jobs and growth in Europe;
- contributing to strengthening citizens' trust in the EU Institutions by investigating serious misconduct by EU staff and members of the EU Institutions;
- developing a sound EU anti-fraud policy.

In its independent investigative function, OLAF can investigate matters relating to fraud, corruption and other offences affecting the EU financial interests concerning:

- all EU expenditure: the main spending categories are Structural Funds, agricultural policy and rural development funds, direct expenditure and external aid;
- some areas of EU revenue, mainly customs duties;
- suspicions of serious misconduct by EU staff and members of the EU institutions.

Once OLAF has completed its investigation, it is for the competent EU and national authorities to examine and decide on the follow-up of OLAF's recommendations. All persons concerned are presumed to be innocent until proven guilty in a competent national or EU court of law.

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