



**BRITISH-IRISH PARLIAMENTARY ASSEMBLY**

**COMHLACHT IDIR-PHARLAIMINTEACH NA BREATAINE  
AGUS NA HÉIREANN**

**FINAL REPORT**

**from**

**Committee A (Sovereign Matters)**

**on**

**Illicit Trade and the Border**

**Background to the inquiry**

1. Illicit trade has been a consideration for law enforcement officials on the island of Ireland since customs controls were first introduced following the creation of the Irish Free State in 1922. Smuggling of legal goods is usually concentrated on products where there are different excise duties and VAT regimes in Northern Ireland and Ireland, creating a clear cross-border price differential for goods. Typically, organised crime groups focus on the cross-border movement of tobacco, fuel and alcohol, but other products have also proven to be attractive to smugglers over time.<sup>1</sup>
2. The Committee last published a report on cross-border police co-operation and illicit trade in March 2015, which itself followed an inquiry undertaken in 2009.<sup>2</sup> In its 2015 report, the Committee praised the cross-border cooperation between justice and law enforcement officials and agencies and made several recommendations, including that:
  - A permanent, full-time multi-agency task force be established to tackle fuel and tobacco fraud;
  - Further legislation be introduced to disincentivise the supply, sale and consumption of illicit goods, including lengthy custodial sentences for people convicted of engaging in illicit trade activities;
  - Targeted investment be provided for law enforcement agencies;
  - Improved public information campaigns be introduced to highlight the health, prosecution and environmental risks of supporting illicit trade.
3. In May 2019, the Committee agreed to hold a new inquiry into illicit trade and the border. The Committee wanted to explore whether progress had been made in the four years since its previous report and consider how the UK's decision to leave the EU was likely to affect cross-border police co-operation and illicit trade.
4. The Committee appointed four rapporteurs to lead the evidence gathering process for this inquiry alongside the Chair: Declan Breathnach TD, Senator Paul Coghlan, Sir Jeffrey Donaldson MP, and Nigel Mills MP. In June 2019, the Rapporteurs established a sub-committee to hold a series of meetings in Belfast, Crossmaglen, Dundalk and Dublin speaking to: the Police Service of Northern Ireland (PSNI), HM Revenue and Customs (HMRC), An Garda Síochána, the Revenue Commissioners and Retailers Against Smuggling.
5. The Committee wishes to extend its sincere thanks to all those who assisted with this inquiry.

<sup>1</sup> [Washing powder being smuggled across border in Northern Ireland, MPs told](#), The Guardian, 24 October 2018

<sup>2</sup> [Cross-border Police Co-operation and Illicit Trade](#), Committee A (BIPA), March 2015

## Illicit trade across the land border

6. Illicit trade and cross-border smuggling continue to pose a significant challenge for law enforcement agencies on the island of Ireland. As noted in the *Cross Border Organised Crime: Threat Assessment 2018*, produced jointly by the PSNI and An Garda Síochána, the 224-mile open border between Ireland and Northern Ireland represents a significant risk in terms of fuel and tobacco smuggling, due to the nature of Organised Crime Group activity and the ease with which they can conduct their business in either jurisdiction.<sup>3</sup>
7. The Committee heard that it was difficult to estimate whether overall levels of illicit trade had increased since our previous inquiry in 2015, although there had been measurable progress in reducing the sale of laundered fuel. However, there had been an increase in the number of criminal groups with cross-border operations over the last five years, rising from approximately one in five groups in 2014 to one in three in 2019. Several witnesses warned that illicit trade would continue for as long as there continued to be significant profits to be made due to excise fraud and price divergences between jurisdictions.

## Fuel laundering

8. We heard that there were several methods by which fuel was traded illicitly, including smuggling, mixing, stretching and laundering. However, fuel laundering offers the largest supply of illicit fuel on the island of Ireland. This is the process of removing marker dye from ‘red diesel’, gas oil intended for use other than as fuel in road vehicles, typically in the agricultural sector. Gas oil intended for use in diesel engine road vehicles (DERV) has a much higher duty rate than gas oil intended for other uses. The price differences between red diesel and road diesel – in August 2019, this was an average of 63.38 pence per litre (ppl) versus 132.59 ppl – create significant incentives for organised criminal groups to launder fuel.<sup>4</sup>
9. It is clear that law enforcement agencies have made substantial progress in tackling fuel laundering over recent years. In 2002, fuel duty fraud involving illicit diesel was estimated by HMRC to have cost the UK exchequer £1.6 billion in lost revenue.<sup>5</sup> This was estimated to have fallen to £100 million per annum in 2015-16, of which around £50 million related to Northern Ireland.<sup>6</sup> Further, the Northern Ireland illicit diesel market share was estimated to have fallen from 19% in 2005-06 to 6% in 2016-17.<sup>7</sup>

<sup>3</sup> [Cross Border Organised Crime: Threat Assessment 2018](#), Police Service of Northern Ireland (PSNI) and An Garda Síochána, 6 November 2018, page 14

<sup>4</sup> [Monthly Fuel Price Tracker](#), AHDB Dairy, 3 September 2019

<sup>5</sup> [Combatting Fuel Duty Fraud: Evaluation of the Accutrace Fuel Marker](#), HMRC, December 2017, para 1.2

<sup>6</sup> [Combatting Fuel Duty Fraud: Evaluation of the Accutrace Fuel Marker](#), HMRC, December 2017, para 1.2

<sup>7</sup> [Cross Border Organised Crime: Threat Assessment 2018](#), Police Service of Northern Ireland (PSNI) and An Garda Síochána, 6 November 2018, page 16

Despite the clear progress that has been made in tackling fuel laundering, the *Cross Border Organised Crime: Threat Assessment 2018* noted that fraud relating to the smuggling of fuel “remains a major issue” in both Ireland and Northern Ireland.<sup>8</sup>

10. Revenue officials on both sides of the border told the Committee that the introduction of a new fuel marker, *Accutrace S10*, had led to a significant reduction in fuel laundering and a decline in sludge dumping. The marker, which is highly resistant to distillation and can be detected at low concentrations, had contributed to a downward trend in the number and size of fuel-laundering plants uncovered by the PSNI and An Garda Síochána, compared to prior to its introduction.<sup>9</sup> The HMRC evaluation report, published in December 2017, concluded that the fuel marker was indeed effective:

In the first two years since the introduction of the new marker, HMRC and other law enforcement agencies found no evidence that fraudsters had laundered the new marker. All the evidence indicated that the new marker was being effective in helping drive down fuel laundering.<sup>10</sup>

11. The Committee are concerned by reports that criminal groups are resorting to dangerous methods as they seek to bypass the new fuel marker. Officials on both sides of the border warned us that some gangs had resorted to distilling of fuel to temperatures of 220 degrees in an attempt to remove the marker. We heard that this was incredibly dangerous, putting the lives of local people at considerable risk.

## Tobacco smuggling

12. Illicit tobacco products fall into broadly three categories: contraband (normal commercial cigarettes bought elsewhere at a lower duty rate and smuggled into another country), ‘illicit whites’ (cigarettes manufactured overseas, often in lightly regulated economies, with the sole purpose of being sold illegally in another country) and counterfeit (falsely-branded products, to deceive consumers and avoid taxation). The Tobacco Products Research Surveys 2018, published by the Revenue Commissioners, found that 13% of cigarettes sold in Ireland were classed as illegal, of which 78% were found to be contraband, 21% were illicit whites and 1% were counterfeit.<sup>11</sup> It also found that 21% of roll-your-own tobacco pouches held by smokers were illegal, of which 2% were counterfeit. During our inquiry, concerns were also raised around the import of large machinery for the manufacture of counterfeit cigarettes.

<sup>8</sup> [Cross Border Organised Crime: Threat Assessment 2018](#), Police Service of Northern Ireland (PSNI) and An Garda Síochána, 6 November 2018, page 16

<sup>9</sup> [Cross Border Organised Crime: Threat Assessment 2018](#), Police Service of Northern Ireland (PSNI) and An Garda Síochána, 6 November 2018, page 16

<sup>10</sup> [Combatting Fuel Duty Fraud: Evaluation of the Accutrace Fuel Marker](#), HMRC, December 2017

<sup>11</sup> [Tobacco Products Research Surveys 2018](#), Office of the Revenue Commissioners, May 2019

13. It is difficult to accurately estimate the loss of revenue arising from tobacco smuggling, particularly because such calculations assume that any illegal tobacco consumed would displace the equivalent full tax paid quantity of tobacco, which is unlikely to be the case. HMRC estimated that the UK tax gap from the illicit trade in tobacco was £1.8 billion in 2017-18, a significant reduction on the £2.4 billion reported in 2016-17.<sup>12</sup> It was not possible to disaggregate figures for Northern Ireland. In Ireland, the Revenue Commissioners estimated a potential loss to the Exchequer of approximately €211 million (including excise taxes and VAT).<sup>13</sup>
14. High tax rates on products in both Ireland and Northern Ireland, as well as price differentials between the two jurisdictions, create a strong incentive for criminal groups to supply illicit tobacco and for ordinary people, particularly those on lower incomes and young people, to purchase them. Indeed, we heard that there was a strong correlation between tax rates and levels of illicit trade of tobacco, with the Revenue Commissioners telling us that the recent tax increase on roll-your-own tobacco in Ireland led to a proportionate increase in illicit trade.
15. The Committee heard that these high levels of illicit trade in tobacco were a concern for legitimate retailers. Retailers Against Smuggling, an Irish umbrella organisation representing retailers concerned about illicit trade, warned that tobacco smuggling was a threat to the financial viability of businesses that wanted to operate on the right side of the law.

#### *Cooperation between law enforcement agencies*

16. The *Intergovernmental Agreement on Co-operation on Criminal Justice Matters*, signed in July 2005 by the UK and Irish Governments and updated in April 2010, provides a structured framework to develop more effective North-South cooperation and coordination of criminal justice matters. The Agreement provides for cooperation on a range of issues, including youth justice, victim support, forensic science and probation services.<sup>14</sup> These are administered through project groups involving personnel from both Justice Departments, the police services and various criminal justice agencies who report to senior officials and the Justice Ministers.
17. The *Cross Border Policing Strategy*, published in September 2016, sets out further areas of cooperation between the PSNI and An Garda Síochána.<sup>15</sup> This was the second cross-border policing strategy to be agreed between the two forces, following the inaugural document signed in 2010. The purpose of the strategy is to further improve public safety throughout the island of Ireland and disrupt criminal activity. It covers

<sup>12</sup> [Measuring tax gaps 2019 edition](#), HM Revenue and Customs, 20 June 2019, page 37

<sup>13</sup> [Tobacco Products Research Surveys 2018](#), Office of the Revenue Commissioners, May 2019

<sup>14</sup> [Criminal Justice Cooperation](#), Department of Justice and Equality

<sup>15</sup> [Cross Border Policing Strategy](#), Police Service of Northern Ireland (PSNI) and An Garda Síochána, September 2016

a range of policing activities, including: operations, rural policing, community relations, intelligence sharing, information and communications technology, service improvement, and emergency planning. Officers from the PSNI and An Garda Síochána meet regularly to review progress against each of the objectives outlined in the strategy.

18. The *Fresh Start Agreement*, signed in November 2015 following cross-party talks between the Northern Ireland Executive and the UK and Irish Governments, provided a renewed impetus for cross-border cooperation on criminal justice matters, particularly related to organised crime and criminality, including paramilitarism.<sup>16</sup> It established a Joint Agency Task Force (JATF), led by senior officers from the PSNI, An Garda Síochána, the Revenue Commissioners and HMRC. A number of other organisations including the National Crime Agency and the Criminal Assets Bureau are also involved in operational activity. The objective of the Task Force is to build on existing law enforcement frameworks and to increase the collective effectiveness of law enforcement activities. Six priority areas have been established for the Task Force, which are kept under review: rural crime, immigration-related crime, excise fraud, drugs, financial crime, and human trafficking.<sup>17</sup> The Committee heard that the Task Force had led to several arrests, seizures and convictions across the island of Ireland.
19. The Committee was told that cross-border cooperation between law enforcement agencies was highly effective. The Garda Commissioner, Drew Harris, and the PSNI Temporary Deputy Chief Constable, Stephen Martin, both emphasised the depth of cooperation between the two police forces.
20. The strength of the relationship was also apparent at a local level, despite challenges for policing border communities. We heard directly from senior officers in the PSNI at Crossmaglen and An Garda Síochána in Dundalk about their highly effective working relationship. The PSNI have faced particular difficulties in some areas and we were concerned to hear, for example, that several vehicle registration cameras have been destroyed in Crossmaglen. HMRC also told us that they work extremely closely with the PSNI, in response to the hostile environment in some cases for revenue enforcement in some border communities.

#### **Conclusions**

- A. It is clear that the PSNI and An Garda Síochána continue to cooperate extremely closely and effectively on cross-border criminal justice matters. It is also apparent that the depth of cooperation between the police forces, as well as those with other agencies, has improved even further since this Committee last**

<sup>16</sup> [A Fresh Start: The Stormont House Agreement and Implementation Plan](#), 17 November 2015, para 3.1

<sup>17</sup> [Minister for Justice and Equality \(Deputy Charles Flanagan\)](#), Parliamentary Question, 10756/18, 6 March 2018

undertook an inquiry into cross-border police cooperation in 2015.

- B. While overall levels of illicit trade have been consistent over the last five years, it is apparent that there has been significant success in reducing levels of fuel laundering since the introduction of the new fuel marker in 2015. However, we are concerned by reports that criminal groups are resorting to dangerous methods as they seek to bypass the new fuel marker. As we call for later in this report, there must be stronger penalties for those who engage in this crime.**

#### Implications of the UK's withdrawal from the EU

21. The Committee heard concerns on both sides of the border that the relationship between UK and Irish police forces and revenue officials could be undermined by the UK's departure from the EU, particularly if that were to take place without a formal withdrawal agreement.
22. The *Technical Explanatory Note on North-South Cooperation*, prepared by the UK Government during the first phase of the negotiations on the UK's withdrawal from the EU, noted that the close and effective operational relationship between PSNI and An Garda Síochána had been critical to tackling shared challenges and threats, had led to "excellent disruptive and criminal justice outcomes in both jurisdictions."<sup>18</sup> It also noted that key aspects of this relationship was rooted in powers derived from common EU membership:

Much of this cooperation currently benefits from a common EU environment and with EU measures underpinning much of the operational police cooperation, including in terms of combating the threats posed by terrorist groups, organised crime gangs, and cross-border illicit activity.

23. There are several EU internal security measures in which the UK participates and which facilitate cooperation between law enforcement agencies on the island of Ireland, of which the most significant include: Europol, an EU agency which coordinates cross-border police cooperation between Member States and operational partners; the European Arrest Warrant, which facilitates extradition of wanted individuals between Member States of the EU, underpinned by the 'mutual recognition' of judicial decisions; and EU databases and data-sharing tools, including the Second Generation Schengen Information System (SIS II), which enables authorities to enter and consult 'real time' alerts on missing and wanted individuals and lost and stolen objects; the European Criminal Records Information System (ECRIS); the Prüm Decisions, the Passenger Name Record Directive (PNR); and the

<sup>18</sup> [Technical Explanatory Note: North-South Cooperation Mapping Exercise](#), UK Government, 7 December 2018, para 13

Europol Information System (EIS).<sup>19</sup>

#### Post-Brexit co-operation

24. There was a clear desire from senior police officers on both sides of the border to retain, or replicate as far as possible, the existing mechanisms for criminal justice cooperation after the UK's withdrawal from the EU. The Temporary Deputy Chief Constable of the PSNI told us he was particularly concerned about their ability to exchange information with An Garda Síochána and the police services of other EU countries, given that there would no longer be a legislative basis to do so. The Garda Commissioner told us that the absence of agreements in respect of sharing information could undermine efforts to tackle cross-border crime across Europe, particularly given the UK's role as a significant contributor of information.
25. Senior officers in the PSNI and An Garda Síochána reported that officials were currently working on solutions to mitigate any issues arising from the UK's decision to leave. However, the Committee also heard concerns that the proposed plans for the future relationship between the police forces were not yet in place and would anyway be "sub-optimal" compared to those that already exist.

#### Conclusion

- C. The Committee is concerned by reports that the strong and effective collaborative relationship between the PSNI and An Garda Síochána could be undermined were the United Kingdom and European Union unable to agree a formal withdrawal agreement, particularly with regard to data sharing and the transfer of criminal suspects between jurisdictions. We call on the UK and Irish Governments to ensure that existing levels of cross-border co-operation in criminal justice matters are maintained, or replicated, under all circumstances.**

26. The Committee also heard concerns from the PSNI regarding the potential societal impact in Northern Ireland were the UK and EU unable to agree a formal withdrawal agreement. The PSNI warned of potential unrest if higher levels of unemployment, particularly in the agricultural sector, were to lead to increased dissatisfaction with current constitutional arrangements in Northern Ireland. In this context, we note that An Garda Síochána reported an increase in criminality along the border in the run up to the initial anticipated date of the UK's departure from the EU on 31 March 2019.<sup>20</sup>
27. Media reports note that the PSNI and An Garda Síochána have made plans to increase the police presence along the border after the UK leaves the EU. In November 2018,

<sup>19</sup> As set out in: [UK-EU security cooperation after Brexit: Follow-up report](#), Home Affairs Committee, House of Commons, 24 July 2018

<sup>20</sup> [Increase in Crime as Brexit Approaches](#), Irish Times 8 March 2019.

the Police Federation of Northern Ireland and the then-PSNI Chief Constable stated that additional police officers would be needed along the border after Brexit, with the Chief Constable adding that even the softest of borders and divergence would create opportunities for criminality.<sup>21</sup> In January 2019, it was reported that 1,000 police officers based in Great Britain were training to police the border in the event of a no deal Brexit.<sup>22</sup> In Ireland, 600 additional officers would be assigned to border duties in the event of a no-deal Brexit.

## Conclusion

**D. The most effective way to reduce the risk of any criminality arising from Brexit will be for the UK to leave the EU with a deal. The Committee therefore reiterates its desire to see a formal withdrawal agreement agreed between the UK and the European Union and again emphasises the importance of avoiding any new infrastructure at the border on the island of Ireland.**

### *Illicit trade after Brexit*

28. Incentives for smuggling may change after the UK leaves the European Union, particularly if there is further tax and regulatory divergence between Ireland and Northern Ireland. The extent of this divergence will, of course, depend on the outcome of ongoing negotiations between the UK and the EU.

29. Academics have highlighted the potential for increased smuggling after Brexit. Professor Cathal McCall, Queen's University Belfast, said it was "entirely possible that the activities of such organised smuggling operations could be turbo-charged by a no-deal Brexit".<sup>23</sup> Paul Mac Flynn, Senior Economist at the Nevin Economic Research Institute, told the House of Commons Northern Ireland Affairs Committee in October 2017 that the UK's decision to pursue an independent trade policy meant that it is likely the UK's tariffs for certain goods would diverge materially from that of Ireland.<sup>24</sup>

If the UK left the EU in the morning, it has said it wants its common external tariff to be what it is for EU countries trading. In that sense, there is no tariff differential but if it wants to make new trade deals, it then disrupts what its common external tariff is. That, from that first trade deal, is where [smuggling] starts.

It was also reported earlier this year that David Sterling, head of the Northern Ireland

<sup>21</sup> [PSNI not overplaying the Brexit Border threat](#), BBC News 16 November 2018.

<sup>22</sup> [1000 British Police to train for hard border policing](#), Irish Times 3 January 2019.

<sup>23</sup> [Smuggling in the Irish borderlands – and why it could get worse after Brexit](#), The Conversation, Professor Cathal McCall, 11 February 2019

<sup>24</sup> [The Movement of Goods](#) NIAC Par 106 16 March 2018

Civil Service, warned of an upsurge in smuggling in the event of a no-deal Brexit, in a leaked letter to the Northern Ireland Office (NIO) in December 2018.<sup>25</sup>

30. It was further noted that, if there were to be further divergences in tariffs and prices following the UK's departure from the European Union, criminals could seize the opportunity to make even higher profits and illicit trade could become a more significant issue. The statements of several witnesses corroborated this sentiment, flagging growing price differentials as the greatest incentive for illicit trade. This is in part due to these divergences incentivising the purchasing of illicit goods by the public, thus increasing demand for these products and creating a larger market for organised crime gangs to take advantage of. However, the Garda Commissioner expressed his view that there were unlikely to be more organised crime gangs after Brexit, but rather that existing groups would likely expand their operations. In the PSNI and An Garda Síochána joint report, it was noted that a number of OCGs have the expertise necessary to take advantage of any changes in the CTA post-Brexit to expand their operations and profit.<sup>26</sup>

## Conclusion

**E. The Committee notes that illicit trade exists wherever there are divergences in tariffs and prices between jurisdictions and there are opportunities for organised criminals to make significant profits. This has been true on the island of Ireland in the past and will continue to be in the future, regardless of the UK's withdrawal from the EU. However, the Committee calls on the UK and Irish Governments to ensure that, if and when significant divergences in prices emerge following Brexit, appropriate resources are given to law enforcement agencies to adequately address any commensurate increase in illicit trade.**

## Legislation

31. The Committee, through its evidence gathering procedures, encountered concerns relating to the current legislation, or lack thereof, on illicit trade. While progress has been made in combatting illegal smuggling through numerous avenues and actors, legislation was highlighted by the witnesses as an area where improvements could be made to prevent organised crime gangs from engaging in cross border smuggling.

### *Stronger penalties*

32. We heard concerns from both senior and local police officers, on both sides of the

<sup>25</sup> [Brexit: David Sterling warns of no-deal 'smuggling upsurge'](#), BBC 6 January 2019.

<sup>26</sup> [Cross Border Organised Crime: Threat Assessment 2018](#), Police Service of Northern Ireland (PSNI) and An Garda Síochána, 6 November 2018, page 4

border, that the penalties for organised criminals engaging in illicit trade were too lenient, to the extent that it was perceived as a ‘low risk crime’ and not enough people were being sent to prison. However, it was noted that in Ireland, the Criminal Assets Bureau Act 1996<sup>27</sup> provided a good model for legislation, in particular around the pursuit of unexplained wealth. It was also raised that at times the judiciary, particularly in Ireland, tended to give the minimum sentencing possible, despite recommendations from the appropriate authorities on appropriate sentences. Under the Criminal Justice Act of 1993, a sentence imposed by a court that is seen by the Director of Public Prosecutions as unduly lenient, they can apply for the sentence to be reviewed<sup>28</sup>. Similar but more specific legislation was adopted in Northern Ireland in 2014, that refers specifically to appealing for lenient sentences in fuel laundering, and tobacco fraud cases to be reviewed<sup>29</sup>.

## Conclusion

- F. The UK and Irish Governments should review whether existing criminal sanctions offer a sufficient deterrent to organised criminal illicit trade on the island of Ireland. Minimum and/or mandatory sentencing laws for illicit trade should be considered as part of this review, and the relevant authorities, such as the PSNI, An Garda Síochána, and the Revenue Commissioners, should liaise with the Director of Public Prosecution in their jurisdictions to ensure their powers as outlined above are utilised where necessary.**

### *Landowners to be made responsible*

33. We heard calls for legislation in Northern Ireland to be introduced requiring landowners to do more to ensure their land is not being used for criminality. Currently, the PSNI needed to prove that landowners knew that their land was being used for crime, which was a very difficult threshold for them to meet. This has meant that the number of prosecutions is proportionally far lower than the number of illicit trade operations uncovered, as discussed in the previous report of the Committee<sup>30</sup>.

## Conclusion

- G. It is concerning that existing legislation in Northern Ireland makes it difficult for the PSNI to prosecute landowners who enable criminal activity on their property. The UK Government or NI Executive should introduce legislation to ensure that landowners can be prosecuted where criminal activity took place on their land, whether or not it can be proven that this has been done knowingly. Officials should be permitted to seize land, or place restrictions on**

<sup>27</sup> [Criminal Assets Bureau Act 1996](#), Irish Government

<sup>28</sup> [Criminal Justice Act 1993](#), Irish Government, Section 2

<sup>29</sup> [Cross-border Police Co-operation and Illicit Trade](#), Committee A (BIPA), March 2015

<sup>30</sup> *ibid*

## **its future use, where criminality is found to have taken place.**

### *Regulatory and Fiscal Alignment*

34. In the evidence gathering process there was support and calls for further regulatory alignment North and South. This was seen as one of the best ways to prevent price differentials that create opportunity for organised crime gangs, particularly on products such as fuel, tobacco and alcohol that are greatly affected by carbon taxes, excise duties, and minimum pricing legislation. Regulatory alignment has been identified as an effective process to minimise barriers and obstacles to trade and co-operation, and regulatory divergence creates the space for illicit trade to flourish.<sup>31</sup>

- H. Given that two separate regimes exist on the island of Ireland, it is unlikely that full regulatory and fiscal alignment can be achieved. Both jurisdictions should be mindful, however, to avoid regulatory and fiscal divergence were possible, in order to minimise incentives for illicit trade.**

### *Community Co-operation*

35. It was understood that community co-operation is vital to help prevent the proliferation of illicit trade, particularly in educating the public on the wider impacts of participating in the shadow economy. The community co-operation is also fundamental in policing, with calls for elected officials and community leaders to co-operate more closely with law enforcement agencies.

### *National media campaign*

36. We heard that more work was needed to discourage ordinary people from purchasing illicit goods. The PSNI told us it was difficult to obtain intelligence on illicit trade as many people did not see it as a problem or appreciate its consequences. They recommended a national public information campaign to challenge perceptions of illicit trade. This was further supported by the Revenue Commissioners and Retailers Against Smuggling, who felt it was required to implore upon the public the severity of the issue, and the potential dangers to themselves, their community, the economy, and the environment. The Revenue Commissioners also advised that research is underway to examine the attitudes of the population to compliance.

## Conclusion

- I. The UK and Irish Governments should launch a public information campaign to discourage ordinary people from purchasing illicit goods. It should be based**

<sup>31</sup> Hayward, K., & Phinnemore, D. (2018, Feb 26). [The Northern Ireland/Ireland border, Regulatory alignment and Brexit: Principles and options in light of the UK/EU Joint Report 8 December 2017](#). QUB.

**around three themes: making the connection between counterfeit goods and the harm caused to people who are abused in order to bring those to market; emphasising the harm caused to the consumer from poor quality goods; and highlighting that consumers are financing organised crime and, potentially, terrorism. The campaign should draw from established research and the upcoming research outlined by the Revenue Commissioners on current public attitudes to ensure the campaign is relevant and well-received.**

*Co-operation with elected and other community representatives*

37. As discussed in paragraph 19, co-operation between the PSNI and An Garda Síochána has allowed for more effective policing in the border areas. However, local police officers in Crossmaglen told us that the work of the police in South Armagh would be aided by greater cooperation from elected and community representatives. While there had been a significant improvement since 2007, co-operation at the community level could be improved, and was less effective than in other parts of South Armagh. The Committee also heard calls for more representative community policing in South Armagh, with a current lack of representation from local people in the PSNI.

**Conclusion**

**J. The police rely on intelligence and support from the local community to tackle illicit trade. Policing is most effective when it is representative of the local community. While significant progress has been made in improving community representation over the last ten years, there is still much more that can be done. Elected community representatives must work more closely with law enforcement agencies, particularly as they seek to tackle organised criminal activity across the border.**