



BRITISH-IRISH PARLIAMENTARY ASSEMBLY

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

REPORT

from

Committee A (Sovereign Matters)

on

Cross-border Police Cooperation and Illicit Trade

Background to the inquiry

1. In March 2014, the Committee agreed to commence an inquiry into cross-border cooperation between the Police Service of Northern Ireland and an Garda Síochána and between other law enforcement agencies with particular reference to cross-border smuggling, organised crime and dissident activity. This report is intended as a follow up to Committee A's 2009 report into cross-border cooperation between police forces.
2. Following lengthy negotiations between political parties in Northern Ireland, the UK Parliament passed secondary legislation in March 2010 to devolve policing and justice powers to the Northern Ireland Executive, which came into effect in April 2010.
3. This report focuses on how the PSNI and An Garda Síochána, and the Northern Ireland Executive, Irish Government and other law enforcement agencies, work together, particularly in light of the devolution of policing and justice powers and the launch of the Cross-Border Policing Strategy in 2010.
4. The Committee held a series of meetings in Dublin, Belfast, Armagh and Louth with: the Minister for Justice and Equality, Frances Fitzgerald TD, Minister for Justice, David Ford MLA, the Garda Commissioner, Nóirín O'Sullivan; the Chief Constable of the Police Service of Northern Ireland (PSNI), George Hamilton; members of An Garda Síochána and the PSNI; officials from the Northern Ireland Department of Justice and the Department of Justice and Equality; representatives from the Revenue Commissioners and from Her Majesty's Revenue and Customs; the Chief Executives of Monaghan, Louth and Donegal County Councils; Members of the PSNI in Crossmaglen and members of an Garda Síochána in Dundalk; representatives Retailers Against Smuggling and the Petrol Retailer's Association; and from Grant Thornton Ireland who produce an annual report on the fiscal losses incurred as a result of illicit trade.
5. The Committee wishes to extend its sincere thanks to those who assisted with this inquiry.

Overall Cooperation between Forces

6. Cross-border cooperation in policing and criminal justice is anchored at a formal level by the *Intergovernmental Agreement on Co-operation on Criminal Justice Matters* (July 2005 and April 2010), which provides a structured framework to enhance and develop more effective North-South co-operation and co-ordination on criminal justice matters. The Agreement provides for cooperation on a range of issues such as youth justice, victims and probation and 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, Frances Fitzgerald TD and David Ford MLA. It also provides for regular formal and informal contact between the two Justice Ministers. Outside of this formal framework there is regular cooperation on many other areas of criminal justice including the joined up efforts to tackle illicit cross-border trade.

7. The Committee found that an Garda Síochána and the PSNI co-operate extremely closely and effectively on a range of cross-border issues. The Garda Commissioner and the PSNI Chief Constable placed strong emphasis on this co-operation and its importance in combating shared threats including threats posed by dissident activity, organised crime gangs and cross-border illicit activity including smuggling and human trafficking. The Committee heard that this cooperation takes place both formally and informally and at all levels throughout the law enforcement agencies, including at the Commissioner and Chief Constable level, with regular contact maintained on a daily operational level.
8. In order to further enhance this cooperation, the two police services launched a joint Cross-border Policing Strategy in 2010, which has been periodically reviewed and updated since then. The purpose of the Strategy is to improve public safety throughout the island of Ireland, and to disrupt criminal activity and enhance the policing capability of both police services on the island. The strategy covers the range of policing activities and includes sections dealing with Operations, Cross-border Investigations, Intelligence-sharing and Security, Information and Communications Technology, Training, Human Resources, and Emergency Planning. Both police services are actively engaged in a series of initiatives which go towards fulfilling its objectives.
9. Additional examples of formalised police and justice cooperation include the Joint Manual of Guidance which aims to support the police and prosecution services in both jurisdictions in criminal investigations with a cross-border element by ensuring that all authorities involved have an awareness of the needs of the other jurisdiction, including rules of evidence gathering and criminal procedures. Another example is the *Intergovernmental Agreement on Police Co-operation* (April 2002) which provides a framework for exchanges of personnel, secondments and the transfer of officers. This programme of short term exchanges has been in operation since 2005 and to date 89 members of An Garda Síochána and 76 six members of the PSNI have taken part in exchange programmes across a range of policing areas including training, human resources, general operational policing and in specialist policing areas.
10. Each year the two police forces also attend a joint *Cross-border Organised Crime Seminar* which brings together officers from both jurisdictions including the police and custom services, as well as other agencies dealing with organised crime, such as

the assets recovery agencies. The seminar is organised jointly by the two Justice Departments and the two police services. The main output of this seminar is the Cross-border Threat Assessment, published every other year, which in recent years has highlighted that illicit trade, including in fuel and tobacco products, continue to be serious concerns for authorities across the island and the focus of targeted, multi-agency actions.

11. The Committee heard that multi agency cooperation is essential to tackling these problems. Two joint task forces had been established; a Cross-border Fuel Fraud Enforcement Group and a Cross-border Tobacco Enforcement Group – comprising representatives from the Garda Síochána, the PSNI, the Revenue Commissioners, HM Revenue and Customs, the Criminal Assets Bureau and the UK National Crime Agency to target these activities on an all-island basis. The groups meet normally on a quarterly basis and at least twice yearly to review progress and plan activities along with frequent contact between enforcement staff across all of the agencies on live investigations.

Revenue and Her Majesty's Revenue and Customs

12. The Committee heard that the work of the Revenue Commissioners and HM Revenue and Customs (HMRC) was central in tackling illicit trade given both bodies' primary responsibility for detecting and disrupting fraudulent activity. The Committee heard from both revenue authorities that their relationship with each other was crucial and close. Senior officials from the Revenue Commissioners told the Committee that the focus of their efforts was to continuously improve the regulatory framework for collection of taxes in these high tax commodity sectors in order to discourage fraudulent activity. They told the Committee that all areas of tax evasion bring with them incentives for evasion but commodities that attract high levels of excise duty, such as tobacco and fuel, were a particular challenge. Both HMRC and the Revenue Commissioners told the Committee that criminals would always seek to exploit borders to make it difficult for the authorities investigating their activities: this was very much the case with long established criminal elements located in border areas in Ireland. As a result, close co-operation was essential with their UK revenue counterparts as well as all law enforcement agencies North and South: hence the creation of the cross-border fuel and tobacco enforcement groups.
13. Both the Revenue Commissioners and HMRC briefed the Committee on their recent collaborative efforts to tackle cross-border illicit trade. For example, a new fuel marker would be introduced across the UK and Ireland later in 2015 which would be more resistant to fuel laundering. Efforts have also been made to improve supply chain controls for marked oil and wider ranging penalties to deter suppliers and sellers of illicit products.

14. The Committee heard that in the South, the Criminal Assets Bureau (CAB), established in 1996, is an important tool in aiding the efforts to disrupt the organised crime gangs who are responsible for a large proportion of illicit trade on this island. The Bureau's statutory remit is to carry out investigations into the suspected proceeds of criminal conduct. CAB identifies assets of persons which derive, (or are suspected to derive), directly or indirectly from criminal conduct. It then takes action to deprive or deny those persons of the assets and the proceeds of their criminal conduct. It is a statutory body, with staff drawn from the Gardaí, the Revenue Commissioners and the Department of Social and Family Affairs.
15. The Committee also heard evidence in Northern Ireland relating to the work of the National Crime Agency. The National Crime Agency is the UK's new national law enforcement agency, which replaced the Serious Organised Crime Agency (SOCA). It became fully operational on 7 October 2013 and is a non-ministerial government department. It is the UK's lead agency against organised crime; human, weapon and drug trafficking; cyber crime; and economic crime that goes across regional and international borders, but it can be tasked to investigate any crime. However, in Northern Ireland, the NCA currently carries out border and customs functions only, with its other roles left to the PSNI.
16. The Committee was pleased to note that on 3 February 2015, following extensive negotiations, a motion in the Northern Ireland Assembly was passed to consent to the extension of functions of the NCA to Northern Ireland. It is expected that this will permit the NCA to become operational in Northern Ireland by March. An Garda Síochána already works with the NCA and the extension of the NCA's remit should facilitate increased cooperation on this island in the fight against organised crime, economic crime, human trafficking and child exploitation.

Challenges to cross- border cooperation: illicit trade

17. The Committee heard throughout its inquiry that one of the largest challenges faced by law enforcement on this island was cross-border smuggling and illicit trade. The revenue authorities informed the Committee that commodities that attract high levels of excise duty were a particular challenge, particularly tobacco and fuel, but also alcohol, stolen vehicles and numerous other types of fraudulent goods. The Committee heard for example that, in the South, taxes account for 78% of the price of a packet of cigarettes and over 50% of the price of a litre of diesel. The Revenue Commissioners explained to the Committee that high taxes lead to high profits for criminals if they can source the commodity tax free or at a low rate of tax and place it illegally on the market in a high tax jurisdiction such as Ireland. Revenue authorities recognised the need to harmonise approaches to, *inter alia*, tobacco and

alcohol regulation between the jurisdictions on the island: this was the subject of discussion at ministerial and other levels.

18. Although sometimes considered a victimless crime, illicit trade has a significant impact on the Irish and British economies and also frequently supports other serious criminal activities by groups engaged in cross-border smuggling activities. The Committee was told by a number of witnesses, including the Gardai and PSNI, that organised crime gangs featured prominently in illicit trade and that extensive networks on both sides of the border allowed them to partake in any number of illegal ventures, often working in partnership with each other. Even more troubling was the link between these organised crime gangs and dissident groups who heavily depended on organised crime to fund their terrorist activities. The Committee heard, for example, that dissidents comprised a considerable proportion of criminals involved in fuel laundering.
19. A common theme was that an all-island approach was required to adequately deal with illicit trade. Both HMRC and the Revenue Commissioners said that multi-agency co-operation across all law enforcement agencies was necessary to tackle illicit trade, most particularly tobacco and oil fraud. Representatives from the retail industry and Grant Thornton LLP believed that authorities, both north and south of the border, could still co-operate with each other better because there was a tendency for agencies to work in 'silos' in their respective fields of operation.

Fuel Fraud

Scale of Problem

20. There are a number of different types of illicit fuel: smuggled, mixed, stretched and laundered. However it is the area of fuel laundering that offers the biggest supply of illicit fuel on the island. Fuel laundering is a process of removing marker dye from agricultural diesel which is significantly cheaper than road diesel. While it is difficult to accurately estimate losses to the exchequers, Grant Thornton estimates the loss to the Irish exchequer by fuel fraud to be in the range of €140 to €260 million per year. The Northern Ireland diesel fraud tax gap had been estimated at approximately £80 million in the year 2012-2013, equating to a loss of 13% of total revenue from mineral oils. Significant losses are also experienced by legitimate retailers and consumers can cause damage to their engines by using such fuel. The environmental impact of this crime is considerable with toxic by-products released into the environment, including river systems. High levels of resources are required by local authorities tasked with cleaning up laundering residues.
21. The Committee heard from both Ministers that it was very difficult to secure prosecutions for fuel offences because the fuel plants were frequently operated automatically, leaving limited opportunity to arrest the perpetrators. The Committee

also heard that the plants were often based in remote border areas which were very difficult environments to police. This had begun to change in recent years, however, with laundering plants found, for example, in Dublin, Waterford, Coalisland, and Banbridge in 2014.¹

22. The Committee also heard from the Chief Executives of three border County Councils, Louth, Monaghan, and Donegal, on their role in supporting the authorities' efforts to halt cross-border illicit trade. The county councils became particularly involved once laundering plants had been exposed and the sites needed to be cleaned up. The cost of cleaning up the toxic waste from dumping sites was estimated to be approximately €1,000 per cubic metre. The problem was said to be most concentrated along the Monaghan/South Armagh border, constituting a large drain on council resources. The cleaning up of this waste also constituted a health and safety risk to the personnel involved. However, the Chief Executives said that they closely cooperated with their Northern counterparts in the local councils bordering their counties with frequent formal and informal communication. It was noted that the cooperation between Louth County Council and Newry and Mourne Council was particularly close and effective.
23. Similarly, in Northern Ireland, a recent report has estimated that over 2,500 tonnes of fuel laundering waste has been dumped in Northern Ireland over the last two and a half years, with clean up costs of almost £1 million since 2012.²

Solutions

24. The Committee was told that cooperation between agencies to disrupt fuel fraud was particularly good with many recent successes. As part of these efforts, the two revenue authorities had conducted a joint international exercise to identify a new and more effective marker that would be more resistant to laundering. A new marker will be introduced later in 2015, following consultation with the oil and motor industries.
25. In addition, and building on the experience of HMRC with supply chain controls for marked oil, the Revenue Commissioners introduced an electronic tracking system to control the movement of product from July 2012 and implemented a system whereby all licensed fuel traders were required to make electronic returns in relation to their fuel transactions each month from early 2013. The electronic system enabled authorities to identify discrepancies and unusual patterns which could then be investigated.

¹ Cross-border Organised Crime Assessment 2014, pg 30.

² <http://www.thedetail.tv/issues/366/fuel-laundering/how-much-fuel-laundering-waste-is-dumped-in-northern-ireland-and-where>

26. Authorities in the South also introduced a new legal provision that made the supplier of marked fuel, which is subsequently the subject of fraud, liable for the full duty if they know or ought to have known that the transaction was connected with fraud.³ The Committee welcomes this development.
27. In Northern Ireland, new legislation came into effect at the end of 2014 that will allow the Director of Public Prosecutions to appeal sentences related to fuel laundering, and tobacco fraud, on the grounds of undue leniency.⁴ This is a welcome development.
28. Operationally, the authorities have cooperated closely to detect and disrupt fuel laundering plants and outlets selling illegal fuel, including through the Cross-border Fuel Fraud Enforcement Group. The Revenue Commissioners reported that they had closed over 130 filling stations and seized over 3 million litres of fuel since 2011 and in the past 18 months secured 6 convictions for fuel fraud offences with a further 16 prosecutions ongoing. The police forces play a strong supporting role in these activities providing intelligence and armed support where needed, particularly in border regions. In 2013, HMRC detected and dismantled 38 fuel laundering plants in Northern Ireland and seized over 574,000 litres of fuel.⁵
29. The Revenue Commissioners reported that their efforts were bearing fruit and that industry sources had reported a significant reduction in the incidence of laundered diesel on the market and an increase in road diesel sales. Tax receipts had also increased, with road diesel consumption more than 13% higher than in 2011. Similarly in Northern Ireland, HMRC reported a decrease in the tax gap from 15% in 2007-08 to 13% for the year 2012-13.⁶
30. Despite the efforts of Revenue, HMRC and other law enforcement agencies, fuel fraud does continue to have a significant impact on the local economy and the taxpayer. Laundering plants continue to be found in significant numbers with 16 discovered in Northern Ireland between January and August 2014.⁷ The Committee heard that as fuel prices have fallen recently, petrol stretching and mixing had increased. Retailers and industry representatives told the Committee that more extensive legislation and penalties were required to ensure a higher rate of prosecution of individuals carrying out these activities. The rate of prosecutions continued to be low compared to the rate of detection of illegal fuel being sold and fuel laundering plants.

³ Finance (No.2) Act 2013

⁴ Citation to legislation

⁵ Cross-border Organised Crime Assessment 2014, pg 30.

⁶ HM Revenue & Customs: Measuring Tax Gaps 2014, Pg 42.

⁷ Cross-border Organised Crime Assessment 2014, pg 31.

31. The Committee was also concerned to hear of the ease at which fuel fraud operations can be transferred from one legal entity to another upon detection. This so-called “Phoenix Company” capability ensures that these fuel fraud operations can continue as normal and without disruption. Furthermore, the Committee was alarmed to hear from witnesses that in some border areas, particularly in the South Armagh region, the sale of laundered fuel was both widespread and carried out in the open.

Tobacco fraud

Scale of problem

32. The taxes and prices of cigarettes both North and South are similarly high, meaning there are significant incentives for criminals to source product from illicit sources and place them in the respective markets illegally. Tobacco smuggling is a global problem, a point made to us by both the Revenue Commissioners and HMRC, the two agencies with responsibility for tackling tobacco fraud. The globalised nature of the crime made it difficult to deal with. HMRC said that cross-border smuggling of cigarettes, while serious, was comparatively a smaller issue than the overall problem of tobacco fraud.
33. Retailers Against Smuggling, an Irish umbrella organisation representing retailers created in 2009, said that tobacco and associated “impulse buys” accounted for 40% of petrol station turnover. It is believed that Ireland was one of the preferred destinations for smugglers due to the high price of cigarettes and perceived low penalties.
34. Frances Fitzgerald T.D., Minister of Justice and Equality, told the Committee that 11% of cigarette consumption in Ireland in 2013 was illicit, a reduction from 13% in 2012. Grant Thornton estimated that in 2013 the tax loss to the Exchequer in Ireland from tobacco fraud was between €240m and €575m. However, the Revenue Commissioners clarified that they did not use the same methods as Grant Thornton for analysing tax gaps and argued that it was very difficult to quantify tax loss from tobacco fraud in this way.
35. HMRC said that the UK tax gap from tobacco smuggling was assessed to be £2 billion in 2012–13, an increase from £1.6 billion in 2011–12. However, the figure had been higher in 2005–06. It was not possible to disaggregate figures for Northern Ireland.

Solutions

36. Both revenue authorities were undertaking surveillance and monitoring operations in respect of tobacco fraud. The Revenue Commissioners conducted random checks

at outlets, markets and airports, with 17 sniffer dogs used at airports. It had seized over 420m cigarettes, with a retail value of over €180m, between 2010 and 2013. It had prosecuted over 1,000 people for tobacco offences since 2009, securing 182 custodial sentences (some of which were suspended) and over €900,000 in fines. Although illicit cigarette consumption was 11% of the market in 2013, the Revenue Commissioners said that this had reduced from 14% in 2010, which suggested the problem was being contained.

37. The Revenue Commissioners had been the lead agency in a huge cigarette seizure at Greenore, Co. Louth in October 2009. A cross-border, multiagency task force led by the Revenue Commissioners, seized a shipload of 120m smuggled cigarettes, with an estimated value of €50m. This was the biggest seizure of its kind in the EU. However, several witnesses including the retail industry representatives highlighted that there had not been any prosecutions as yet. The Revenue Commissioners said that it could be difficult to prosecute the large-scale criminals because they protected themselves and it was difficult to gather and present enough evidence for court.
38. The Revenue Commissioners said that there were generally fewer large tobacco seizures now because criminals were moving smaller quantities of illicit product. This made it more difficult to catch them in the act. The Gardai also conducted specific operations aimed at tobacco smuggling.
39. HMRC said it had recently conducted an investigation into, and made an arrest of, an individual who was a major supplier of smuggled tobacco. The cigarettes had been smuggled from Dubai and mainly landed in the South. HMRC had started the operation because many of the cigarettes found their way into Northern Ireland. HMRC had collaborated with authorities across Western Europe on the investigation. It had also collaborated closely with the CAB, who had arrested the alleged perpetrator abroad in the EU.
40. The Revenue Commissioners said that, following its successful collaborations with HMRC on fuel laundering, it had established a high-level working group with HMRC to consider indirect tax risks at the strategic or policy level and share experience and best practice in managing those risks. Tobacco fraud had been the focus of its meeting in late 2014.
41. Despite the successes outlined above, Grant Thornton believed that, in general, cooperation between government and the industry on tobacco fraud was not as strong as for fuel fraud. Retailers Against Smuggling claimed there had been only 66 convictions in 2013 from several thousand seizures. They also argued that penalties for these crimes were too lenient: The industry representatives wanted to see more severe penalties introduced for both smuggling and consumption of smuggled products. They also wanted to see scanning equipment installed at all

ports and greater collaboration with the tobacco industry in identifying issues and solutions.

Resources

42. It was noted throughout the Committee's inquiry that all authorities, North and South, were operating under increasingly difficult budgetary constraints and had been for several years since the global economic downturn.
43. However, the Committee heard from HMRC that an increased budgetary investment in their work had enabled them to expand and improve their tax receipts. In 2010 the new UK Government provided HMRC with an additional £917m in funding to be focussed on tax evasion, organised crime and debt collection. HMRC said it expected to raise total additional compliance revenues of £26 billion per annum by the end of 2014–15 (at the UK level). This was an improvement of £9 billion across the Spending Review 2010 period which, HMRC said, would not have been possible without the Government's additional investment. In 2011-12 HMRC delivered the expected £2 billion increase; in 2012-13 a £4.1 billion increase; and in 2013-14, it improved performance £7.3 billion against a targeted £5.3 billion.
44. On the other hand, the Committee received written evidence from the Revenue Commissioners that their overall expenditure had been reduced by 21% since 2008, with a reduction in full time staff of 13% in that period.
45. The Committee heard from the PSNI that they were experiencing a very difficult budgetary environment with consequent challenges to all elements of policing. They were facing a short fall of £18-24 million for 2015. However, they noted that such budgetary challenges encouraged closer cross-border police cooperation and that plans were in place for groups from both an Garda Síochána and the PSNI to share lessons learned from working under difficult budgetary constraints. The Garda Commissioner said that an Garda Síochána's ability to carry out its work had not been negatively impacted by its current resources; other witnesses, however, believed the Gardai, and indeed the Revenue Commissioners, would benefit from higher funding levels.

Consumer Education

46. The Committee heard from many witnesses that the real struggle in tackling illicit trade was convincing the public not to buy illicit goods and commodities. Illicit trade required a market and as long as members of the public continued to buy illicit goods, criminals would continue to supply them. Minister Fitzgerald agreed that greater public information was required to emphasise the criminality of purchasing smuggled products. The Garda Commissioner said they were working to improve

their public communication strategy as did the PSNI. The need for consumer education was even more critical given the public health effects of counterfeit goods such as alcohol and cigarettes which were entirely unregulated with no quality control and could be damaging for health.

Summary & Recommendations

- A) The Committee found that cross-border cooperation between justice and law enforcement officials and agencies is excellent and acknowledges those involved for their courage in tackling cross-border crime and to making communities safer all across the island of Ireland.**
- B) The Committee found that the current level of cooperation between An Garda Síochána and the PSNI was excellent with evidence that both police forces worked closely together, formally and informally, on many issues. The Committee was very pleased to hear that these good relations extended through grades of the police forces, including at the daily operational level.**
- C) The Committee commends the joint Cross-border Policing Strategy, first launched in 2010, which has contributed to the detection of criminal activity and better public safety across the island of Ireland by enhancing the policing capabilities of both police services.**
- D) The Committee welcomes the recent move by the Northern Ireland Assembly to extend the remit of the National Crime Agency to Northern Ireland and congratulates the parties in Northern Ireland for making progress on such an important issue. This will bolster the efforts of law enforcement agencies in Northern Ireland to disrupt organised crime.**
- E) The Committee believes that concerns regarding the ultimate beneficiaries and application of proceeds of these crimes can only be addressed through a more focussed and concentrated effort to deal with these cross-border activities, and thorough Criminal Assets Bureau and National Crime Agency investigation to follow the money trail.**
- F) The Committee agrees that an all-island approach is necessary to tackle cross-border illicit trade. Smuggling by nature is a cross-border crime and requires the participation and co-operation of multiple agencies, including revenue authorities, from the two jurisdictions. The Committee therefore particularly welcomes the development of the multi-agency Cross-border Fuel Fraud Enforcement Group and the Cross-border Tobacco Fraud Enforcement Group since its last inquiry**
- G) The Committee is particularly encouraged by recent examples where a cross-border multi-agency approach has been successful, most notably in the Greenore tobacco seizure in 2009 where a shipload of 120m smuggled cigarettes was successfully detected and seized.**

- H) The Committee recommends that the Cross-Border Enforcement Groups establish a permanent, full time task force dedicated to eliminate the activities of organised crime gangs involved with cross-border illicit trade. Such a force should be comprised of seconded staff from all relevant agencies, including environmental and criminal asset recovery agencies, and supported by a central dedicated secretariat.
- I) The Committee congratulates the Revenue Commissioners and HMRC on their recent successful project to identify a new marker to be added to fuel. The Committee looks forward to the introduction of the marker later in 2015 and hopes it delivers its aim of seriously curbing the incidence of diesel laundering.
- J) The Committee notes that extensive challenges posed by cross-border illicit trade still remain. It remains difficult to obtain prosecutions and custodial sentences for those involved in large scale illicit trade and the rate of prosecutions, particularly for fuel and tobacco fraud related offences, appears to be low given the significant losses to both exchequers.
- K) The Committee recognises the legislative efforts made to curb illicit trade. However it recommends that further legislation is necessary in both jurisdictions to disincentivise the supply and sale of illicit commodities as well as the knowing consumption of those goods. Law makers in both jurisdictions should examine the feasibility of imposing on-the-spot fines for consumers found to have knowingly purchased illicit commodities.
- L) The Committee recommends that the Irish and UK Governments introduce more serious penalties, including more lengthy custodial sentences, for illicit trade activities in order to mark the island of Ireland as a difficult place for criminal gangs to operate.
- M) The Committee is concerned by the ease at which, once exposed, illegal operations can be transferred to another legal entity enabling a “business as usual” appearance thanks to the concept of “Phoenix Companies”. The Committee recommends that legislatures in both jurisdictions re-examine existing company law to find a way to halt such capabilities.
- N) The Committee is alarmed by the evidence of the widespread presence of fuel laundering plants and filling stations selling illicit fuel in border regions. The Committee stresses that those involved must not be allowed to continue this illegal activity and every effort must be made by law enforcement authorities in their collaborative efforts to shut down these operations, despite the difficulties in policing some of these areas. Furthermore, where the operators of filling stations are successfully prosecuted for selling laundered/illegal fuel, provision

should be made in legislation to ensure that these outlets cannot simply be reopened again after a few weeks, as happens at present.

- O) The Committee notes the concerns it heard regarding the funding of law enforcement agencies in both jurisdictions. It further notes the budgetary difficulties faced by Governments in both jurisdictions in recent years. The Committee recommends that efforts be made to identify gaps in enforcement where gains could be made by targeted investment and increased funding, taking note of the recent investment in HMRC by the current UK Government.
- P) The Committee notes that illicit trade will continue to thrive on this island for as long as there is a market for illicit commodities. The Committee therefore recommends that law enforcement agencies continue to improve public information campaigns in order to highlight to the public the health, prosecution, and environmental risks of supporting such illegal activity. These campaigns should highlight that the proceeds of illicit trade can support other serious crimes, such as human trafficking and terrorism-related activity.

