

# Cargo Trains Smuggle Cigarettes from Belarus into the European Union

Since 2014 the pattern of illegal exports from Belarus to EU has moved towards larger consignments. Large quantities of detained tobacco found on cargo trains. On 6 November [Jury Siańko](#) became the Head of the State Customs Committee. Will he change the current situation with smuggling from Belarus to EU?

The decrease in individual border traffic and the growing share of Belarusians cigarettes in the EU shadow market are both reasons for concern. Financed by the EU and foreign tobacco producers, Belarusian State Customs Committee aims to reduce smuggling and increase revenue for the state.

## More Confiscated Goods – Greater Revenue

[A new appointment](#) in the Belarusian bureaucratic system removed [Aliaksandr Špilieŭski](#) from the State Customs Committee with a young [Jury Siańko](#). The new head of customs started a campaign for electronic registration at border crossings which is set to start on 1 December in *Kazlovichy*.

The new campaign can reduce queues at border crossings and generate profits from the registration fee and increase international traffic. But what is the aim of such campaign without new anti-smuggling activities: to increase customs revenues or to reduce the volume of contraband?

Compared to Western Europe, Belarus has very [low cigarette prices](#) and the volume of illicit tobacco trading with EU has been steadily increasing. About a three times higher average cigarette price and near 38% higher AI-95 gasoline price in

Poland gives plenty incentive for increased contraband. Smugglers traditionally illegally export tobacco products to Lithuania, Latvia and Poland. Alexander Pogosky from the Directorate on Economic Crime stated that \$700m in shadow tobacco exports are helping to finance criminal groups.

Larger tobacco consignments and the growth of detained cigarettes show a new pattern of smuggling to the EU. 11 September Siarhei Prudnichenka from the Contraband Department on the press-conference said that in January-October 2014 the State Customs Committee detained more than 99m cigarettes – that is two times more than the same period in 2013. Prudnichenka also noted the increase in contraband by rail through loose goods, timber products and goods from the woodwork industry – all of which are simply used for cover.

While illegal exports and imports hurt the EU's economy because of lost custom duties, smuggling actually benefits the Belarusian Customs Committee. For example in 2011 the Brest Customs Services department alone detained goods with an estimated value of \$2.4m. According to Siarhei Poludzen from the State Customs Committee noted that border guards detain motor vehicle on the Belarusian border about three times per day. Later special auctions sell confiscated vehicles, tobacco, clothes and other detained goods in Belarus.

### **Individual Smugglers – Are They Really That Dangerous?**

Low salaries and pensions in Belarus trigger increases in contraband. The typical individual smuggler is a man around 35 years old without a job and with a vehicle capable of transporting gasoline or cigarettes. Retired people, thanks to their small pensions, usually transport clothing and food from the EU. Later they sell these smuggled goods in EU countries by themselves or to traders in a border zone regions. However, in Belarus smugglers are subject to administrative liability, while in neighbouring Lithuania they adopted criminal liability for the same activity.

Individual smugglers cannot use entire railway cars for contraband, naturally. The customs service finds this all to be a profitable business as an increase in detained goods from individual smugglers provides additional visible evidence of them doing a good job. According to the value of confiscated goods moving to Poland – tobacco smuggling alone grew two-fold – up to 99m confiscated cigarettes in 2014. But in comparison with the total volume of shadow exports, which are estimated to be 8.7bn cigarettes, it is not so much.

But who can use railway for contraband in a country with such a strong security service apparatus? And even if it is a state shadow business – why are the Customs Committee intercepting more and more smuggled goods? Siarhei Prudnichenka noted that cooperation between the State Customs Committee and Japan Tobacco International, which provides money for vehicles and monitoring equipment, pays for training seminars for frontier guards. EU and American foreign tobacco companies such as British American Tobacco finance the Customs Committee to reduce losses from smuggling.

Next year the Belarusian Customs Committee can expect even more financing from its official foreign sponsors because of the visible results it has been achieving. Also the appointment of the new leader of the State Customs Committee gives a signal that the border guards may become more effective next year. Furthermore, according to the National Statistical Agency in the first nine months of 2014 the volume of official Belarusian tobacco export rose for 42% – which indicates either a shift to legal exports or an increase in production.

### **Need for the Better Customs Control**

As a result of the illegal goods being sent to EU, it continues to loses custom duties and taxes – leading domestic firms produce less because of smuggling. At the same time,

producers of other goods in the EU can even make gains because of cheap but illegal gasoline or raw materials like contraband wood. The estimated profits from tobacco smugglers alone is at least \$1bn annually, which the EU's lost tax revenues exceeding \$1.5bn. But a part of the smugglers' profit goes to bribes which corrupts the state.

The problem of smuggling becomes even more important in the light of the discussion about the liberalisation of EU-Belarus visa regime. If the current results of the State Customs Committee work remains the same, the EU should review its policy towards Belarusian border guards. The new policy should include better monitoring of and support for the Belarus Customs Committee's work and stronger cooperation with border guards from EU member states.

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