



EUROPEAN COMMISSION

JOINT CUSTOMS OPERATION "POSTBOX II"

**Brussels Airport
21 May 2019**

PRESS CONFERENCE

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Anti-Fraud Office (OLAF)**

SPEECH

(Check against delivery)

Dear Mr Alexander DE CROO – Vice Prime Minister and Minister
of Finances;
Dear Mr Kristian Vanderwaeren, Administrator-General of
Customs;

Dear Authorities;
Distinguished Guests,

I am honoured to be here with you today, and I would like to start by thanking you for inviting the European Antifraud Office to participate in this event. I wish to thank, in particular, the colleagues at Belgian customs for hosting this press conference and for being great partners with OLAF in fighting against fraud.

The Joint Customs Operation POSTBOX II is an important initiative. It aimed to combat the smuggling of prohibited goods, especially the endangered plants and animals protected by the so called CITES convention. And it aimed to fight the arrival of counterfeit goods in Europe.



The importance of Operation POSTBOX was its focus on goods delivered by post and express courier services. In other words, e-commerce.

E-commerce is not a trend, it is not the future. It is a reality, here and now.

And even before I start talking about fraud, I want to say a word about the immense opportunities that e-commerce has generated and is generating for the economy, even the local economy. For example, I have access to local food products, both here in Belgium and back in my country of origin, Italy, that were impossible to get before. And all of that with comfortable payment and delivery options.

At the same time, it is also self-evident that e-commerce can conveniently be exploited by fraudsters. Illicit traders and fraudsters have easy access to our homes, with the added complications that we can no longer rely on the usual tools to detect them.

Only a few years ago, at the European Antifraud Office we were looking at prohibited, dangerous, and counterfeit or under-declared goods arriving in big sea containers. That was already a hard game. Difficult. But nothing compared to what is out there today. Imagine how many individual parcels you can fit into one single sea container. And then imagine all of these parcels arriving into Europe separately, at different entry points, by rail, by road, by air ...

The most profitable illegal business sells cheap illegal or low-quality counterfeit goods (low production cost) at European prices (higher than world average price) and introduces them into Europe without paying taxes, essentially customs duties and VAT.

This is also the worst possible deal for each one of us in this room. We are in danger because we buy dangerous products. And we become collectively poorer, because if revenue is not collected, other taxes will increase. Our businesses close down, because they cannot sell at prices that are so low, and we lose jobs and competitiveness.

Let me tell you a story about some illegal substances that arrive in the EU through e-commerce today.

In 2003, the EU banned a weed killer called atrazine because of its toxic effects on human and animal health. Today, 16 years

later, anyone in Europe can still buy weed killers containing atrazine on e-commerce platforms.

The same e-commerce platforms where sellers put on the market dangerous pesticides that are illegal in the EU, including a certain "Miraculous Chalk", or Chinese Chalk, a Chinese-manufactured household pest killer that poses a serious safety threat to children (this chalk is also banned in the US).

In Europe we are proud of our strict health and safety standards. But what is the point of all that, if illegal and dangerous substances are so easily available and make their way into Europe because it is quite impossible to detect the arrival of these products? The danger here is that we become unable to rely on the description of the substances that we use to put on our bodies and into our bodies.

Let me tell you another story about a counterfeit brand. A couple of years ago, OLAF investigated a case of counterfeit shampoo, a famous brand of anti-dandruff shampoo that I am sure many in this room know about. The shampoo was produced illegally by assembling chemicals that were travelling separately towards Europe following complex routes. Some of the substances that ended up in the shampoo were neurotoxic. The residues of this illegal production were thrown into a river. The illegal factory had the capacity to produce one million bottles of shampoo a month.

So, who knows what is in the parcels that are being delivered across Europe today? Probably no-one will ever know everything, but we want to know more than we know today. This is the value of innovative operations like POSTBOX II.

We did not stop after the goods were seized. We wanted to know who the sellers were. Therefore, we shared our list of suspicious addresses, which led to more than 40 alerts.

We have seen with Operation POSTBOX II that with the extremely high number of parcels moving around, advanced electronic data is the top priority to ensure optimal control of what arrives. We must work on risk analysis, because we cannot open every parcel.

The OECD estimates that the total number of parcels shipped in 2016 reached 216 billion. International dispatches are highest in Asia (42%). In as little as five years, the daily arrival of parcels in the biggest logistical centres in the EU is projected to be at are the same figure of what now arrives in one month. Again according to the OECD, counterfeit products make up to 3.3% of

world trade, and 6.8% of all imports into the European Union. And the value of trade in counterfeit and pirated goods is on its way to reaching the staggering figure of 991 billion dollars by 2022.

Unfortunately, we still have some way to go before we can count on the right electronic data, from reliable sources, that can easily be processed and interchanged with a click. For Europeans, it is crucial to have European level data, because we operate in a Single Market. No-one is reasonably safe if the entire Single Market is not reasonably safe.

Fighting against smuggling in a world of e-commerce requires a new type of cooperation among customs and tax administrations, on-line platforms, customs brokers, payment-services providers, transport and logistics companies, and authorities and agencies responsible for safety and security. Trying to intercept illegal and dangerous goods at our borders in itself is not enough. We must pass on good information to others, such as Europol, so that they can take action to stop production and to disrupt distribution networks. And of course we must share this information with the authorities that work to protect our health and our environment.

Joint customs operations like 'POSTBOX II' have immense value, because they make us learn together what gaps the fraudsters are exploiting. This knowledge is essential to dismantle gangs operating across world borders, but also across our Single Market, in order to hide their tracks by moving around from one Member State to the other.

We have all we need to give fraudsters a tough time, so let's get on with it. The European Anti-Fraud Office is ready to take on the challenge, and we are happy to work side by side with the Belgian customs.

Thank you for your attention.