

ROADMAP			
TITLE OF THE INITIATIVE	Report on the progress of the implementation of the 2013 Strategy to fight cigarette smuggling and other forms of illicit trade in tobacco products (COM(2013)324 final) and its Action Plan		
LEAD DG — RESPONSIBLE UNIT — AP NUMBER	OLAF UNIT D 4	DATE OF ROADMAP	26 May 2016
LIKELY TYPE OF INITIATIVE	Report from the Commission to the European Parliament and the Council		
INDICATIVE PLANNING	http://ec.europa.eu/atwork/key-documents/index_en.htm		
ADDITIONAL INFORMATION	http://ec.europa.eu/anti-fraud//home_en		

This indicative roadmap is provided for information purposes only and can be subject to change. It does not prejudge the final decision of the Commission on whether this initiative will be pursued or on its final content and structure.

# A. Context, Subsidiarity Check and Objectives

#### Context

In line with its obligation to protect the revenue of the European Union (EU) (Art. 325 TFEU), the Commission set out a comprehensive EU strategy in its Communication<sup>1</sup> "Stepping up the fight against cigarette smuggling and illicit trade in other tobacco products" in June 2013 ("the 2013 Strategy"), accompanied by a 50 points Action Plan for the Commission and/or Member States to implement. Key actions address decreasing incentives, securing the supply chain, strengthening enforcement and increasing international cooperation. The Council welcomed the Strategy on 10 December 2013<sup>2</sup>.

This initiative will take stock of the implementation of the above-described 2013 Strategy and aims at identifying lessons learned, notably in light of the steadily changing legislative and market environment including among others:

- (i) the adoption of the 2014 EU Tobacco Products Directive<sup>3</sup>;
- (ii) the proposed ratification of the WHO's Framework Convention on Tobacco Control (FCTC) Protocol;<sup>4</sup>
- (iii) the growing presence so-called "cheap whites" on the illicit market;
- (iv) increasing engagement on the part of the Commission with the key transit and source countries on antifraud matters;
- (v) improvements to key policy tools mentioned in the 2013 Strategy (such as enhanced statistics, an independent laboratory facility for the testing of seized cigarettes, etc.).
- (vi) mutual assistance, as amended by the revised Council Regulation 515/97<sup>5</sup>.

The implementation of the 2013 Strategy is being monitored and discussed with Member State experts e.g. at biannual meetings and via frequent bilateral contacts. The proposed implementation report will be the first expost analysis of the 2013 Strategy. This initiative is not a part of the REFIT agenda.

#### Issue

The annual loss to the budgets of Member States and the EU caused by the illicit trade in tobacco products is estimated at EUR10 billion. In the context of the protection of the EU revenue (Art. 325 TFEU), the main stakeholders, in this process, are Member States' administrations and the Commission.

The European Agenda on Security adopted in April 2015<sup>6</sup> also highlights the role of smuggling as a main source

<sup>&</sup>lt;sup>1</sup> COM(2013) 324 final of 6 June 2013

<sup>&</sup>lt;sup>2</sup> Council conclusions on stepping up the fight against cigarette smuggling and other forms of illicit trade in tobacco products in the EU of 10 December 2013

<sup>&</sup>lt;sup>3</sup> COM 2014/40 of 29 April 2014

<sup>&</sup>lt;sup>4</sup>The Protocol to Eliminate Illicit Trade in Tobacco Products

<sup>&</sup>lt;sup>5</sup>Regulation (EU) 2015/1525 of 18 September 2015

of revenue for organised crime.

In the 2013 Strategy, the Commission committed itself to "prepare a report after three years from the publication of this Communication" on its implementation and "in particular [on] the different drivers of the problem".

The report shall demonstrate what effects the 2013 Strategy has had and if necessary point at areas for which further need for action remains.

#### Subsidiarity check

It is in line with the obligation to protect EU revenues (Art. 325 TFEU).

### Main policy objectives

The overall policy objectives of the 2013 Strategy remain valid and are not sought to be changed.

The main objective of the report is to describe the state of implementation by EU and Member States of the Action Plan accompanying the strategy document. Depending on the lessons learned from the experiences with implementing the 2013 Strategy as well as any particular trends observed, the report may also draw some general conclusions. This report will however not put forward any policy proposals.

## **B.** Option Mapping

The policy objectives of the 2013 Strategy remain valid. As a consequence, neither specific policy options nor legislative proposals will be put forward at this stage.

#### **Proportionality check**

The 2013 Communication contains a commitment to issue a report on the progress of its implementation.

# C. Data collection and Better Regulation instruments

#### **Data collection**

Data relating to seizures of illicit tobacco products are systematically collected from Member States via the following tools:

- a) quarterly statistics;
- b) Seizure notices under the tobacco anti-fraud cooperation agreements; and
- c) CigInfo (an AFIS database).

Meetings with Member States experts are conducted at regular intervals (on average, every six months) to *inter alia* discuss the progress in implementing the 2013 Strategy.

As intended in the 2013 Action Plan, it is also planned to contract an external study on legal sanctions applied in Member States on offences relating to the illicit tobacco trade. The outcome of a study on legal sanctions is expected in Q4 2016 and will inform the report.

#### **Consultation approach**

A Eurobarometer survey on the awareness of the smuggling of cigarettes and the illicit trade in cigarettes is planned for publication in Q2 2016.

A public workshop on "cheap whites" is under consideration in 2017.

## Will an Implementation plan be established?

☐ Yes ☒ No

### Will an impact assessment be carried out for this initiative and/or possible follow-up initiatives?

As set out above the objective does not include any policy decision and there are no impact to be measured at this stage.

<sup>&</sup>lt;sup>6</sup>(COM(2015) 185 final of 28 April 2015 http://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52015DC0185&from=EN