

Bootleg Booze, Cigs and Cash

A letter from our Chairman to the *Derby Telegraph*

Sir,

Geoff Moore (15 April) is, of course, quite right that people buy illegally imported cigarettes because they are less expensive than regular supplies which have paid customs duty. Yet he does not say why they are so plentiful.

During the Sixties when the possibility of “going into Europe” began to be discussed, one of the attractions (for me and for many I suspect) was the prospect of drink and cigarettes at the very much lower continental prices. That did not happen.

Eventually the EU abolished strict limits on permitted personal quantities and everybody was allowed to buy as much alcohol and cigarettes as they liked in any EU country they chose , as long as it was “for personal use”. Hence the so-called “booze cruises” to French channel ports where people go to stock up car loads frequently. Some of the drink and tobacco is surplus to personal requirements and ends up being sold at a very handy profit.

Bulk for bulk and price for price by far the biggest savings are to be made on tobacco products. So this is driving the import of dangerous fake products in large quantities. As all the goods within the EU Single Market cross borders without customs inspection as long as the paperwork appears in order, their import is quite an easy and largely risk-free operation. There are now very few BIPs (Border Inspection Posts), so most vehicles are simply waved through.

The fastest growing industry resulting from relaxation of national controls is international organised crime. Tax evasion is another facet of this.

A giant American pharmaceutical company was arranging a takeover of an Irish firm, so that it could offshore its profits from America where company tax is high to Ireland where it is low. This was perfectly legal. The US Government quickly changed the law to disallow it – and the deal fell through. As a sovereign country, America could do that. As an EU state, Britain has no such possibility.

Luxembourg is one of the biggest tax havens for this sort of deal and the Prime Minister who had much to do with setting up the system was Jean-Claude Juncker, now President of the EU Commission. So it's very doubtful that any EU initiative on tax avoidance or evasion will be effective – although they will certainly attempt to grab more powers from member states. They always do.

Yours faithfully,

Edward Spalton