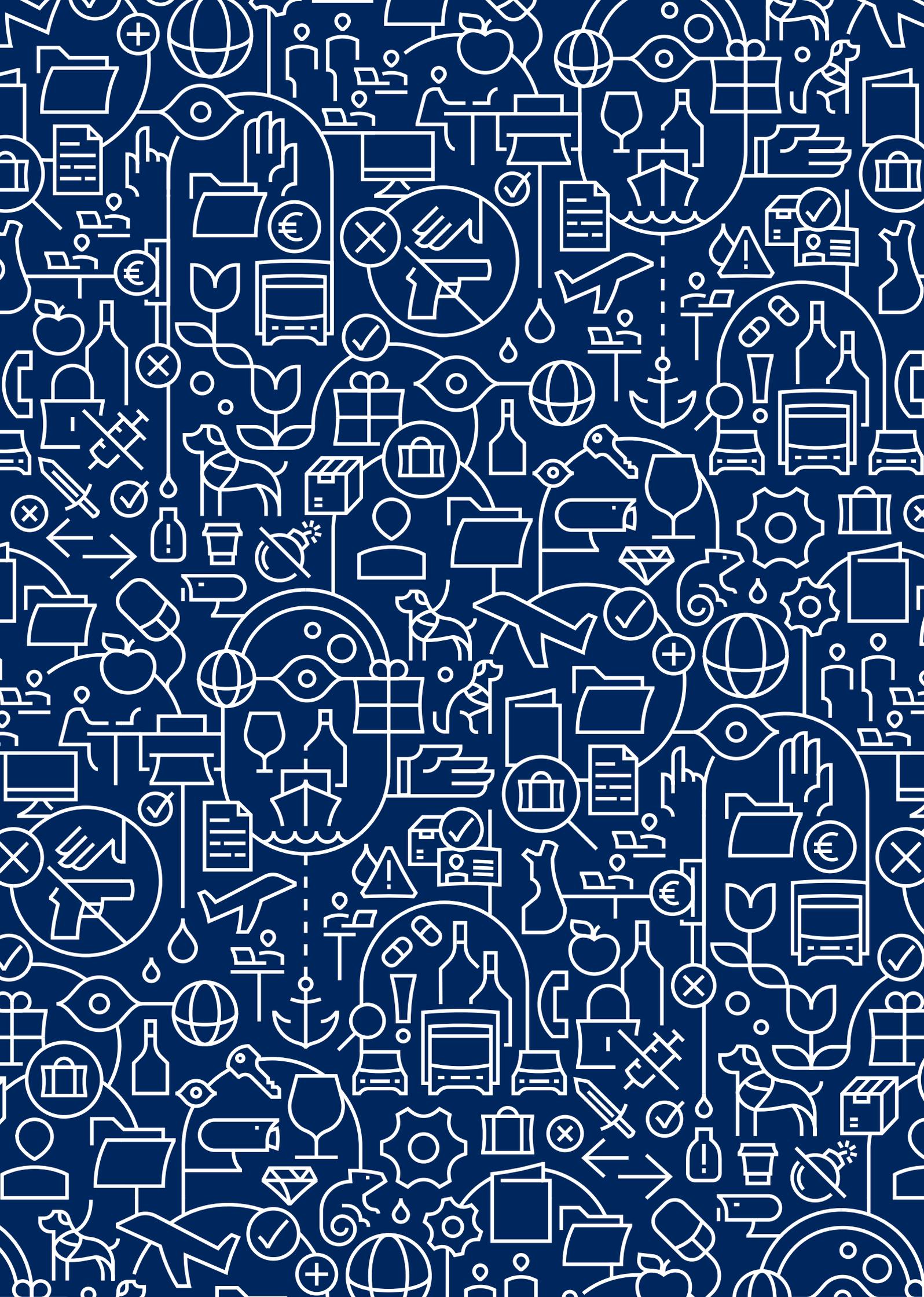


Finnish Customs Enforcement 2023



CUSTOMS



Content

- 6 **Crime situation**
- 10 **Circumvention of sanctions against Russia has increased the number of regulatory offences**
- 12 **Aggravated rationing offence – rock drill bits transited Russia**
- 13 **Sanctions against Russia kept Finnish Customs busy and changed its operations on the eastern border**
- 14 **Risk management ensures effective sanctions contro**
- 16 **Illegal imports of cigarettes on the rise again**
- 18 **Illegal imports of dogs driven by substantial financial rewards**
- 20 **International meat smuggling and health offences**
- 21 **Ecstasy worth over one million euros seized in a private home**
- 22 **Online crime prevention**
- 24 **Finnish Customs Laboratory identifies designer drugs and new intoxicant phenomena**
- 26 **NMR measurement technology adds further strength to the Finnish Customs Laboratory’s range of equipment**
- 28 **Carbon Border Adjustment Mechanism to become a new way to prevent carbon from leaking out of the EU**
- 29 **The International Affairs Group is the nerve centre of Finnish Customs’ international cooperation**
- 30 **Finnish Customs better prepared for CBRNE threats**
- 31 **Intensified tax supervision of online alcohol sales continued**
- 32 **Crime statistics**

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Hats off— the world is changing, but are we?

Editorial

Another busy year of new things and good results draws to a close. The new issues include the continuous expansion of sanctions—for the second year running—which is putting pressure on Finnish Customs' analysis work, customs enforcement, and controls of goods. The identification and uncovering of sanctions circumvention has recently led to some large-scale company inspections and preliminary investigations of aggravated regulation offences. So, a lot of customs enforcement work has been done across the board, but the Electronic Service Centre and Statistics have also been busy. We have successfully discharged Finnish Customs' duties of sanctions compliance control, and our work has not gone unnoticed. Finnish Customs has received extensive praise for its sanctions enforcement from ministries and politicians. The media has also noticed the role played by Finnish Customs, which also reflects successful communication.

At the same time, the situation on Finland's eastern border escalated in autumn 2023, leading to limited closures of crossing points in certain regions and at certain times. This culminated in a full closure of the border beginning in December 2023. At present, all the border crossings are closed (except the Vainikkala rail freight crossing). The situation has been challenging for Finnish Customs in many ways—even problematic. As the amount of customs work on the eastern border has decreased, we have reassigned personnel and provided extensive administrative assistance to agencies such as the Finnish Border Guard. This has allowed our personnel to continue their employment without interruption.

The changed security situation and the significant changes it has imposed on our activities have again challenged us as an organisation. Finnish Customs personnel have shown their flexibility, enabling us to respond to this challenge. Our personnel have shown extraordinary commitment to their organisation and its role in ensuring Finland's safety. I can say with confidence that we have handled this situation excellently and taken responsibility.

However, Russia's ruthless invasion and the multitude of security threats associated with it will not be the last crises to threaten Finnish Customs and Finland. It is always hard to predict the future, so Customs should invest in ensuring that it continues to have the capabilities to safeguard the continuity of operations, as well as flexible and efficient operations as the security environment evolves and we face new crises. The best way to prepare is to ensure that our operational management structures and our employees' competence and equipment are in good order and critical partnerships are identified. When Finland faces exceptional circumstances, Finnish Customs plays a key role as an expert in and supervisor of foreign traffic, so it is vital that Finnish Customs can cooperate smoothly with Finnish and foreign authorities during normal times, and cooperation with the private sector will also become increasingly important in the future. Finnish Customs and its partner networks benefit Finland, the people living in Finland, and Finnish enterprises, thereby contributing to Finland's economic success.



We need to prepare for rapidly escalating crises and slower developments in the operating environment, which can often be difficult to identify. Over the past decades, trade between EU Member States and the functioning of the internal market have become more important topics. For many reasons, logistics chains outside the EU have become shorter and more decentralised. At the same time, some countries that used to be important trading partners for Finland have begun altering their public positions, heading in a more confrontational direction.

The EU internal market will become more important, especially here in the Nordic region. From the perspective of Finnish Customs, the biggest security threats have already taken on a concrete form in trade and traffic between Member States. In general, Finland is the destination country for non-compliant shipments from other Member States. Finnish Customs also controls non-compliant traffic within Finland on behalf of all authorities, and this will continue. In the future, Finnish Customs should invest significantly more in preventing predicted and identified security threats to EU internal traffic in order to fulfil its essential role. This will demand a review of our enforcement work and of the points of emphasis and competences of our organisation's various duties. The Ministry of Finance's assistance and support are particularly important during such a change.

The world today is much harder to predict and forecast than before, but we will do everything we can to be prepared for the next crisis (which will certainly arise at some point in the future).

Thank you all for your outstanding commitment to the common goals of Finnish Customs—hats off to you!

Helsinki, 29 February 2024

Sami Rakshit

Director of the Enforcement Department

Crime situation

In Finland's rapidly changing operating and security environment, Finnish Customs plays a crucial role in safeguarding the national security of supply. Finnish Customs' mission is to protect citizens, society, and the environment by securing cross-border goods traffic, ensuring the safety of goods, and ensuring the compliance of foreign trade. Finnish Customs also plays an important role in combating cross-border crime. International political tensions are reflected in trade policy, which affects Finnish Customs directly. Finnish Customs' profile has changed: it has transformed from a fiscal body into an authority that is also responsible for internal security.

Significant changes are underway in the operating environment

A number of major changes affected Finnish Customs' operating environment in 2023. Russia's invasion of Ukraine continued, resulting in the expansion of sanctions against Russia and tightening of controls. The closure of the eastern border crossings changed the focal points of goods traffic. Finnish Customs' activities are also affected by European Union developments and Finland's NATO membership. The global situation is leading to an increase in arms trade, and international criminal organisations are attempting to expand into Finland. In addition, the movement of large numbers of people in Europe creates new smuggling networks and routes.

Today's threats include pandemics, environmental disasters, cyber crises, and hybrid interference. Incidents are difficult to predict. When they come to fruition, they immediately impact Finnish Customs' duties and the criminal activity that our agency combats. Wars and climate change also affect global trade and traffic flows. Finnish Customs' controls and crime prevention are targeted in response to continuous changes in the operating environment.

The criminal activity that Finnish Customs investigates increasingly involves international organised crime networks. Customs offences have also become more professional. More advanced technology is being exploited for criminal purposes, creating new challenges for crime prevention and investigation. Criminal groups are particularly involved in the illegal import and trade of drugs and other prohibited or restricted items. Financial crime, money laundering and firearms offences are also often linked to organised crime.

Reforms were also a major theme of 2023. The EU Customs Reform was launched to enhance the efficiency of customs authorities. The Carbon Border Adjustment Mechanism was also introduced to prevent emissions from being diverted outside the EU. Finnish Customs' digitalisation and major information system projects progressed. Changes in logistics and the growth of e-commerce require a sustained response from Finn-

ish Customs. In the future, technological development will automate society and human activity. For example, virtual worlds, artificial intelligence, blockchain, quantum computing and biotechnology will create new opportunities and threats. The problems associated with these consequences and regulatory issues and the jurisdictional issues of the authorities will also affect Finnish Customs.

Customs crime-prevention impact worth 88 million euros

In 2023, Finnish Customs registered a total of 6 245 criminal cases—almost the same number as the previous year. The number of pharmaceutical and smuggling offences decreased. On the other hand, regulation offences related to the enforcement and circumvention of sanctions against Russia increased significantly. The rates of tax fraud and drug and doping offences also increased from the previous year.

In 2023, the impact of Finnish Customs' crime prevention activities was again large, totalling 88 million euros. The majority of this, 37 million euros, consisted of recovering the proceeds of criminal activity. The amount also included items not seized during investigations, valued at 31 million euros, and tax evasion through criminal activity, amounting to 20 million euros. This good result reflects the successful targeting of Finnish Customs' operations.

Criminals acquiring weapons has become a widespread problem in Europe. It has also been observed in Finland. In 2023, Finnish Customs seized 252 weapons, which is slightly fewer than in the preceding year. Of these, 237 were gas-powered weapons. Most of the gas-powered weapons were seized from postal shipments and passengers entering Finland from Estonia. A total of 155 firearms offences were registered, approximately the same number as in recent years. 3D-printed weapons and components are becoming more common in criminal circles. Weapons manuals and models are spreading online, and printing technology and materials continue to evolve. 3D-printed weapons have also been found in criminal cases investigated by Finnish Customs.

Circumvention of sanctions has increased the number of regulation offences

The enforcement of the extensive import and export sanctions imposed on Russia and criminal investigations related to sanctions evasion kept Finnish Customs very busy in 2023. Attempts have been made to circumvent sanctions by increasingly complex means. Companies and individuals seek to obscure their ownership and trade relationships through multinational arrangements. Prohibited items have been exported to Russia concealed in baggage and vehicles. Attempts have been made to smuggle larger quantities using false commodity codes, incorrect customs clearance papers, or forged

certificates of origin. These activities also involve mixing consignments, exploiting international companies, and chaining logistics solutions.

The sanctions imposed on Russia have also been circumvented by transiting goods through Russia and by gaining export clearance for a different destination country, although the goods actually remained in Russia. Countries in the Eurasian Economic Union have been used for exports via third countries. As there is little or no heavy-duty road traffic between Finland and Russia, ports are the focus of foreign trade. Finnish Customs has responded to the importance of ports and maritime transport.

The number of regulation offences has increased considerably since the start of the war in Ukraine. In 2023, Finnish Customs recorded nearly 500 regulation offences related to various sanctions violations. Of these, 58 were investigated as aggravated regulation offences. Before the war in Ukraine, Finnish Customs only investigated a few suspected regulation offences each year. In 2023, Finnish Customs foiled attempts to export various high-tech products, defence equipment, electronic devices, cars, spare parts for cars, luxury goods and drones to Russia. Cash, food and alcohol were also discovered in passenger traffic.

Drug crime has become even more professional

The ordering, sale and distribution of drugs on the dark web has become established as the main mode of operation in the Finnish drug market. Orders are placed in dark web marketplaces, and virtual currencies are used for payment. Such marketplaces enable drugs to be distributed by post in many places, including sparsely populated areas. In the past few years, online drug sales have increasingly shifted to instant messaging services and regional sales groups on discussion forums. Deals are made either on the street or using drop points concealed in the terrain.

In September 2023, Finnish Customs worked with foreign authorities to close the web server of Piilopuoti, a drug marketplace that operated on the Tor network. The contents of the server were seized. Finnish drug markets on the dark web now increasingly depend on international marketplaces.

The illegal import and trade of drugs has also become professional. Smuggling routes and methods are evolving and adapting according to the risk of getting caught. Criminals use methods of ensuring their anonymity in drug deals, such as strong encryption in communication channels, cryptocurrencies, and obscuring the location of online services.

Foreign nationals have taken on a larger role in drug crime. In 2023, the proportion of foreigners suspected of aggravated narcotics offences rose to 51 per cent. International criminal organisations are constantly seeking to expand their sales organisations to Finland. In some cases, the operations are managed from abroad, and foreigners have come to Finland to receive and distribute drugs. Internationalised activities also contribute to the increased use of violence. A further distinctive characteristic is that the proceeds of criminal activity are quickly sent abroad.

The most common forms of drug smuggling have been mail and courier services. The quantities of substances often surpass the threshold of an aggravated offence. Criminal groups also use heavy goods traffic for smuggling. An individual consignment imported with other cargo can be significantly larger than a batch imported by post. Narcotics are brought to Finland particularly in ship and air traffic from the Baltic countries and Western Europe. Substances are also imported via Sweden, especially across the land border in the north or by ship to Turku, Helsinki and Vaasa. Batches of cocaine smuggled in sea containers have also ended up in Finland via major ocean ports.

Record number of aggravated narcotics offences and seized marijuana

The number of drug offences that Finnish Customs was made aware of increased slightly compared to the preceding years. In 2023, Finnish Customs uncovered a total of 1 556 drug offences. The number of large drug offences increased, and there were more aggravated narcotics offences than ever before (390). Seizures of cocaine, marijuana and amphetamines in particular surpassed the threshold for aggravated offences. The





number of standard narcotics offences also increased compared to the previous year. Most of them are uncovered in postal traffic.

In 2023, Finnish Customs seized a total of 1 196 kilos of narcotics. The volume was high, as in the previous year. The slightly lower total amount is explained by a reduction in the amount of khat seized, down to 360 kilos from 563 kilos in the previous year. Total seizures of other drugs increased in 2023. The seized amounts of cannabis, cocaine, and ecstasy tablets, in particular, were high.

A record 465 kilos of marihuana was seized in 2023. The large total quantity is explained by constant smuggling, especially in postal and courier traffic. Marihuana has also been brought to Finland in heavy commercial freight and passenger traffic. The marihuana often originates in Spain. The amount of seized hashish also increased compared to previous years. Finnish Customs seized a total of 19 kilos of hashish. Hashish comes to Finland with passengers and in postal and express freight consignments.

Cocaine use increased in Finland

Wastewater studies by the National Institute for Health and Welfare (THL) show that cocaine use is higher than ever in Finland. It has reached a record level, especially in the Helsinki metropolitan area, and even exceeded the amount of amphetamine at weekends.

In 2023, Finnish Customs seized more cocaine than in the previous year: a total of over 16 kilos. The availability of cocaine has increased in Europe. The amount of cocaine smuggled in shipping containers through Europe's major ocean ports has increased, and some of the cargo has ended up in Finland. Cocaine is also smuggled into Finland with commercial freight in truck traffic. Passengers smuggle cocaine hidden in baggage and inside their bodies. Finland is also used as a transit country for cocaine. A total of 93 250 ecstasy tablets were seized, which is

over 50 per cent more than in the previous year. This is the largest amount in five years. One case accounted for a significant proportion of this total: a house search uncovered approximately 52 000 ecstasy tablets. According to THL's wastewater studies, ecstasy is used especially in large towns and cities.

Amphetamine remains the most popular stimulant outside the Helsinki metropolitan area, but its use has declined since peaking in 2020. In 2023, Finnish Customs seized 62 kilos of amphetamines, which is less than in the previous year. Amphetamine often comes to Finland from the Netherlands or Germany. Methamphetamine currently accounts for a fairly small proportion of Finland's drug market. In 2023, Finnish Customs seized half a kilo of methamphetamine.

As regards other narcotics, less LSD was seized than in the previous year, at 2 410 doses. Heroin seizures have also been small in recent years. Finnish Customs seized only 100 grams of heroin in 2023.

Large seizures of narcotic medications and designer drugs

As in the previous year, a large quantity of narcotic medications was seized in 2023, totalling over 431 000 units. Narcotic medications enter the country in heavy goods traffic, postal deliveries and, to some extent, passenger traffic. Benzodiazepines are often smuggled from the Balkan region. Compared to the previous year, the seized amount of Subutex, a buprenorphine product, was high at 44 070 units. Subutex comes to Finland mainly from France.

Online drug trafficking further improves the availability of new narcotics. The use of designer drugs has increased in Finland. Of all the synthetic designer drugs analysed at the Finnish Customs Laboratory in 2023, the largest amounts were alpha-PVP, alpha PiHP and alpha-PHP, a total of approximately 10 kilos. The quantities of

ketamine and kratom have been high in recent years, which is a new phenomenon. In 2023, more than 25 kilos of ketamine and approximately 20 kilos of kratom were analysed. GBL, which is prohibited in consumer markets, was seized in a significantly lower quantity than in the previous year—a total of 42 litres.

The legalisation of cannabis, especially low-THC cannabis, in many countries has led to new semisynthetic cannabinoids appearing on the cannabis market. New cannabinoids can be made from cannabis by extraction, and then added to plant matter, tablets and e-cigarette solutions, for example. Such products have also been analysed extensively at the Finnish Customs Laboratory.

The number of doping offences continues to rise

In 2023, Finnish Customs uncovered the highest number of doping offences in ten years (454). The number of ordinary and, especially, minor doping offences increased from the previous year. On the other hand, the number of aggravated doping offences decreased: 12 were registered. As in the preceding years, the quantity of seized doping substances remained low at 20 370 tablets or ampoules. The most commonly seized substances were anabolic steroids and injectable testosterone.

The total number of pharmaceutical crimes and offences recorded by Finnish Customs was 939, much less than in the previous year. The quantity of pharmaceuticals seized was also lower at 142 060 units. According to a definition by the Finnish Medicines Agency (Fimea) in April 2023, nicotine pouches for non-medical use are no longer classified as medicinal products. The removal of the import ban on nicotine pouches has decreased the number of pharmaceutical crimes and seizures. In 2023, the most common pharmaceuticals seized by Finnish Customs were erectile drugs, antihistamines and various antibiotics.

The majority of the individual crimes and offences related to pharmaceutical and doping agents are uncovered in postal and express freight traffic, mainly in the international post arriving at Helsinki Airport. There are also some individual cases of imports in air and ship traffic. The largest seizures usually occur in connection with a criminal investigation.

Cigarette smuggling increased, snuff plummeted

The increase in regulation offences has raised the number of financial crimes investigated by Finnish Customs in the past two years. In 2023, Finnish Customs registered 122 new financial crime reports and completed the investigation of 152 financial crime cases. The amount of assets recovered in financial crimes increased compared to previous years.

In 2023, Finnish Customs recorded 633 cases of tax fraud, much more than in the previous year. Incidents of snuff smuggling declined, but the number of tax fraud cases related to e-cigarettes increased. There were 107 cases of aggravated tax fraud. The aggravated tax fraud cases included illegal imports of cigarettes, alcohol, snuff

and nicotine solutions, as well as incidents involving excise duty and value-added tax. The number of intellectual property, environmental, counterfeiting, and customs clearance offences has remained low. Finnish Customs has also investigated cases of food fraud related to dietary supplements, berries and meat products, among others.

The illegal import of snus plummeted in 2023. Finnish Customs seized 857 kilos of snus, compared with nearly 4 500 kilos in the previous year. Controls were comprehensive, but there were fewer cases of smuggling than before. Seizures of snus decreased at the same time as the scale of nicotine pouches was permitted. Snus is now only smuggled by professional criminals. The border between Sweden and Finland remains the most common route for smuggling snus. A large quantity of snus enters Southern Finland in ship traffic. Some snus even makes its way to Finland via Central Europe. Commercial freight traffic is also used for smuggling.

In 2023, Finnish Customs uncovered numerous large batches of cigarettes illegally imported to Finland. Approximately 2.8 million cigarettes were seized in criminal cases, which is over 50 per cent more than in the year before. In particular, the smuggling of large batches of cigarettes in freight traffic increased. The majority of the seized cigarettes were imported into Finland as freight consignments from the Baltic countries. Cigarettes were also found in postal shipments, on air and ship passengers, and hidden in the structures of vehicles arriving in the country. In particular, cigarettes imported to Finland from Latvia were found to be counterfeit products.

In the larger cases of cigarette smuggling, the criminal activity was regular and long-lasting. Cigarettes were imported several times, and foreign actors were involved in the criminal cases. In many cases, millions of euros of taxes were evaded. Cigarettes are often sold to consumers using social media apps and sales groups. In 2023, e-cigarette smuggling also increased, especially in postal and express freight traffic within the EU.

Intensive control of alcohol products yielded good results

In 2023, Finnish Customs recorded 97 alcohol crimes, which was clearly more than in 2022. However, the volume of alcohol seized was significantly lower than in the previous years at 2 100 litres. Forty batches of beverages containing a total of 19 290 litres of alcohol were transferred for tax assessment from passenger traffic.

In late 2022, Finnish Customs and the Tax Administration launched a collaborative project to enhance the tax supervision of online alcohol sales. During the intensive surveillance period from November 2022 to December 2023, Finnish Customs detained and stored 157 batches of alcoholic beverages from commercial traffic for further investigation by the Tax Administration. The shipments included a total of 414 750 litres of alcoholic beverages ordered from online stores. Based on the volumes ordered from the largest online alcohol stores, Finnish people ordered significantly less alcohol from foreign online stores during the period of intensive surveillance.

Circumvention of sanctions against Russia has increased the number of regulatory offences

The extensive import and export sanctions imposed on Russia due to its invasion of Ukraine significantly altered Finnish Customs' tasks in 2022 and 2023 and increased its workload. Finnish Customs enforces sanctions as an aspect of normal customs enforcement, both on the basis of a risk analysis of the flow of goods and directly at customs posts. In addition, Finnish Customs helps to analyse and locate the assets of people and operators on the European Union's sanctions lists. Finnish Customs is also responsible for criminal investigations in Finland related to the circumvention of sanctions on the movement of goods.

Russia invaded Ukraine on 24 February 2022. The EU quickly began tightening and extending sanctions against Russia. Although heavy road traffic across Finland's eastern border and air, ship and train traffic between Finland and Russia have decreased sharply, the enforcement and circumvention of sanctions have kept a large number of Finnish Customs' personnel very busy and created work in functions across organisational boundaries. The work has been done by the personnel responsible for practical controls and goods inspections, customs declaration processors, the command centre coordinating operational activities, personnel in analytical functions, investigation, advice, corporate inspection, communications, statistics, the international and legal affairs team, and the unit responsible for monitoring and managing sanctions.

Complex means used to circumvent sanctions

Attempts to circumvent sanctions have taken many forms. Operators on sanctions lists conceal their connections to Russia. Companies and individuals seek to obscure their ownership and trade relationships through complex and multinational arrangements. Individuals hide prohibited goods in luggage and vehicles destined for Russia. Attempts are made to smuggle larger quantities using false commodity codes, incorrect customs clearance papers, or forged certificates of origin. Perpetrators often mix consignments, replace components and create logistics chains to conceal the origins of products. Commercial traffic has been disguised as passenger traffic for transporting sanctioned goods to Russia.

Sanctions are also circumvented by exploiting permitted transit through Russia and exporting goods to Russia through countries friendly with Russia. The

countries in the Eurasian Economic Union are especially prone to such exploitation. For example, exports from Finland to Kazakhstan were busiest around the turn of 2023. At that time, 80 per cent of the growth in exports consisted of exports of sanctioned goods.

Number of rationing offences has multiplied

Finnish Customs' sanctions enforcement has focused on commercial traffic. Inspections are challenging and time-consuming. The Vaalimaa and Kotka customs offices have been under the greatest pressure to perform inspections. In 2023, Finnish Customs foiled attempts to export various high-tech products, computers, electronic devices, phones, cars, spare parts for cars, tools, luxury goods, jet skis and drones to Russia. Cash, food and alcohol were also detected in passenger traffic.

Finnish Customs recorded a nearly 800 rationing offences related to various forms of sanctions violations. About 100 of them have been investigated as aggravated rationing offences. Previously, Finnish Customs investigated only a few suspected rationing offences each year. Finnish Customs has investigated more than 95 per cent of the rationing offences recorded by the authorities since the start of the war in Ukraine.

The suspected crimes related to circumventing sanctions against Russia are extensive and multifaceted. The role of Finnish Customs as a preliminary investigation authority is to investigate cross-border customs offences, which account for the majority of suspected sanctions-related offences. In 2022 and 2023, more than 28 000 potentially deviating goods consignments between Finland and Russia were processed through customs declarations, and 2 800 were subjected to targeted inspections.

The number of rationing offences has increased considerably since the start of the war in Ukraine. In 2022 and 2023, Finnish Customs recorded a nearly 800 rationing offences related to various forms of sanctions violations. About 100 of them have been investigated

Aggravated rationing offence – rock drill bits transited Russia

Based on a preliminary investigation by Finnish Customs, companies operating in Estonia and Finland transited significant quantities of rock drill bits designed for ground drilling to Russia via Finland from 2020 to 2022. The drill bits are suitable for use in the oil industry for deep-sea oil exploration and production, oil drilling and production in the Arctic and shale oil projects in Russia.

The drill bits were covered by the EU sanctions imposed on Russia in 2014, which is why the Economic Crime Investigation Unit of Finnish Customs investigated the case as a suspected aggravated regulation offence. The case was transferred for consideration of charges in November 2023.

No export licence for French drill bits

Suspicious of criminal activity arose when Finnish Customs inspected an export consignment from an Estonian company destined for Russia at the Vaalimaa customs office on 27 December 2021. Among other things, the consignment was found to contain four rock drill bits from a French manufacturer. At this stage, Finnish Customs decided to request an opinion from the Export Control Unit of the Ministry for Foreign Affairs on whether a licence is required to export drill bits. The statement from the Ministry for Foreign Affairs confirmed that the drill bits were sanctioned products requiring an export licence and not the commodity codes declared by the Estonian company. Based on the statement from the Ministry for Foreign Affairs, Finnish Customs initiated a preliminary investigation for a suspected regulation offence and seized the drill bits.

Classification as an aggravated regulation offence

In the early stages of the preliminary investigation, it became apparent that the Finnish and Estonian export companies and the Russian company receiving the goods were run by the same people who held dual Russian and Finnish citizenship.

During the preliminary investigation, Customs conducted searches in several homes and premises, and seized substantial numbers of electronic devices. Material was uncovered revealing that the Estonian and Finnish companies had transited similar rock drill bits – this time manufactured by a Canadian company – through Finland to Russia dozens of times between 2020 and 2022.

In light of the new information, Finnish Customs requested a new opinion from the Export Control Unit of the Ministry for Foreign Affairs on the rock drill bits. According to the statement, these products were also subject to sanctions based on the components of the drill bits when they also belonged to a specific commodity code. Following extensive collaborative investigations, the Finnish Customs Nomenclature Group concluded that the drill bits were classified under the commodity code referred to in the statement from the Ministry for Foreign Affairs. Consequently, the drill bits were also found to be subject to sanctions against Russia. The preliminary investigation revealed that the companies under investigation did not hold the export licence required for the products.

The material copied from the electronic devices seized during house searches included invoices from the Canadian drill bit manufacturer worth approximately EUR 2.2 million. The invoices could be linked to the company's export transactions based on data such as order numbers and packing lists. Based on the large number of rock drill bits exported to Russia and the significant financial gain from their sale, the criminal offence was upgraded to an aggravated rationing offence during the preliminary investigation. During the preliminary investigation, models were prepared to determine the proceeds of the crime based on the value of the goods and the alternative gross margins.

National and international cooperation between authorities

National and international authorities cooperated extensively during the preliminary investigation. Finnish Customs issued a European Investigation Order requesting the competent Estonian authority to question the accountant of the Estonian company and provide Finnish Customs with material related to the company's operations. International cooperation also took place between the Canadian authorities and Europol, as well as through Finnish Customs' contact persons in Russia and Estonia. In Finland, Finnish Customs also received assistance from the Ministry for Foreign Affairs, the Tax Administration and the National Bureau of Investigation, among others.

Sanctions against Russia kept Finnish Customs busy and changed its operations on the eastern border

Russia's invasion of Ukraine and the resulting sanctions against Russia kept Finnish Customs very busy in 2023.

The EU first imposed sanctions on Russia over its annexation of Crimea and the war in the Donetsk and Luhansk regions of eastern Ukraine back in summer 2014. However, these sanctions were limited and did not apply to many goods, so enforcement did not cause much additional work for Finnish Customs.

After Russia invaded Ukraine on 24 February 2022, the EU quickly began tightening sanctions against Russia. The EU announced its 10th and 11th sanctions packages in February and June 2023. Preparations for the EU's 12th package of sanctions began in the autumn, and the package was published on 19 December 2023.

Finnish Customs has supervised sanctions on goods, traffic and the movement of persons

EU sanctions against Russia have wide-ranging impacts on various sectors of the economy and society. The sanctions affect for example the movement of goods, the export of services and know-how, banking, financial and insurance operations, transport, the movement of persons and EU funds. Finnish Customs is tasked with supervising the movement of goods and, in some respects, traffic and the movement of persons.

However, most sanctions against Russia enforced by Finnish Customs have consisted of monitoring import and export sanctions on goods, which is the core duty of Finnish Customs. Every EU sanctions package has contained sanctions on goods, with new goods added continuously. Defence materiel and weapons, iron and steel products, coal and other solid fossil fuels, crude oil and petroleum products, gold and goods that generate large revenues for Russia (such as timber and car tyres) are subject to import embargoes.

In September 2023, the European Commission adopted a stricter interpretation of temporary imports into the European Union of passenger vehicles subject to import sanctions. Finland began applying the stricter EU interpretation and, with a few exceptions, stopped allowing passenger cars with Russian licence plates to enter Finland from outside the EU.

Export embargoes apply to defence materiel, weapons, dual-use goods, oil exploration, production and refining technology, high technology, aerospace goods, banknotes in the official currencies of EU Member



States, maritime goods and technology, luxury goods (such as electronics and household appliances) and goods contributing to Russia's industrial capabilities (such as paints, varnishes and lubricants).

Changes in Finnish Customs' operations at the eastern border

Compared to the time before sanctions, the amount of goods traffic between Finland and Russia at the eastern border posts has decreased by about 90 per cent. At the end of 2023, goods traffic between Finland and Russia further decreased as Russia launched a hybrid operation against Finland, using asylum seekers as a means of hybrid interference. The Finnish Government decided to close the Vaalimaa, Nuijamaa, Imatra and Niirala border stations to all traffic on Saturday 18 November. The Salla, Kuusamo and Vartiuss border stations were closed on Friday 24 November. Following these closures, the last remaining border crossing for road traffic, Raja-Jooseppi, was closed on Thursday 30 November.

These closures meant that all road crossing points on the eastern border were closed to both goods and passenger traffic. Only the Vainikkala railway crossing point remained open for goods traffic. The Government reopened the Vaalimaa and Niirala border stations on Thursday 14 December, but Russia immediately resumed its instrumentalised immigration operation. Consequently, these border stations were closed again on Friday 15 December until the end of the year.

Risk management ensures effective sanctions control

Finnish Customs' operating environment has been in a state of major transformation since the start of the 21st century. International goods traffic volumes have increased dramatically. The explosive growth of e-commerce has increased the flow of goods and completely reshaped the logic of international commerce and supply chains.

Alongside traditional business-to-business trade, the volume of sales from businesses to consumers and between consumers has increased continuously. This development has fragmented supply chains and substantially increased the number of parties directly involved in international trade.

Several other dynamics have also transformed Finnish Customs' operating environment. Protectionist measures have made their way back into trade policy, and the risks related to the security of supply chains and the flow of goods across borders have become an increasingly large concern. International logistics and flows of goods are occasionally shaken up by rapidly evolving events, such as the coronavirus pandemic and, most recently, Russia's illegal invasion of Ukraine.

Finnish Customs is increasingly called upon to protect the fiscal interests of international trade, taking on a greater role as an authority that provides security and protects society. Finnish Customs is the only authority present at every border crossing with the ability, equipment and authority to control all goods and passenger traffic crossing Finland's borders and, in part, crossing the borders of the European Union.

Risk management for more effective control and smoother overseas trade

Managing the risks affecting operators engaged in cross-border traffic flows and supply chains has become one of Finnish Customs' core capabilities. Finnish Customs employs intelligence-led risk management to identify changes and emerging threats in its operating environment, to support forecasting, direct its operations, and enable evidence-informed decision-making.

It may seem that the control of cross-border traffic flows and the facilitation of legal foreign trade—both among Finnish Customs' core duties—are at odds with each other. But today, it is clear that ensuring effective control and the security of the supply chain is crucial for promoting legal foreign trade and securing the conditions in which trading parties can operate. The key is to ensure that criminal actors cannot exploit legal trade structures for illegal purposes.

Risk management among customs authorities is integral to the structures of the EU and Customs Union and a political priority for the European Commission, demonstrating the importance of risk management and the effective control it enables. The EU legislation and performance related to risk management by customs authorities are under intense development towards ambitious goals. Finnish Customs is also actively involved in this work, ensuring Finland's voice is heard when EU-level projects are promoted.

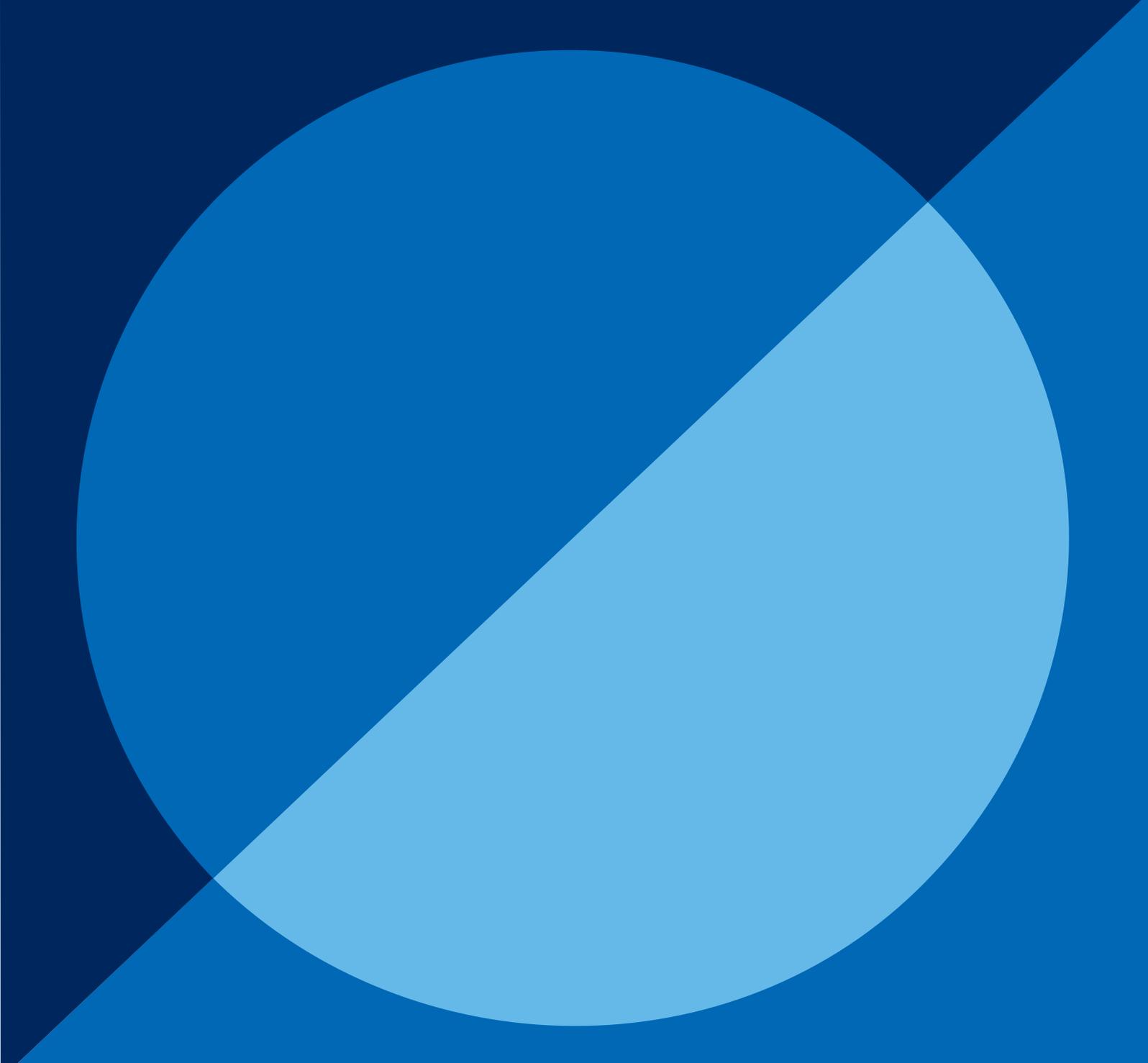
Like all Finnish Customs operations, the enforcement of sanctions highlights the importance of extensive and diverse collaboration with national and international partners.

Evidence-informed risk management drives sanctions enforcement

When Russia launched a full-scale invasion of Ukraine in February 2022, Finnish Customs' operating environment changed dramatically. The EU has imposed sanctions of unprecedented scale on Russia and Belarus, with direct and immediate effects on the flow of goods and logistics across Finland's borders.

The implementation and enforcement of the majority of sanctions is among Finnish Customs' core tasks. In fact, Finnish Customs has invested significant resources in sanctions enforcement to ensure that sanctions accomplish their objectives. Effective sanctions enforcement ensures that the political decisions by the EU underlying the sanctions are realised as effective measures.

Risk management also plays an important role in Finnish Customs' sanctions enforcement. Global supply chains and highly efficient and diverse international logistics have been built to satisfy the needs of legal trading, but operators who seek to evade sanctions also exploit these legal structures. Unlike more ordinary types of unlawful trading, financial gain is not always the incentive for circumventing sanctions. Instead, the motive may be to maintain a particular state's capacity for performance. The profile of the parties involved and the resources at their disposal also differ from those of normal criminals. These distinct characteristics of the



operating environment and activities are factored into Finnish Customs' evidence-informed risk management.

Sanctions enforcement demands collaboration

Like all Finnish Customs operations, the enforcement of sanctions highlights the importance of extensive and diverse collaboration with national and international partners. When enforcing sanctions, Finnish Customs handles its core duties and supports other authorities. From the outset, Finnish Customs has supported the Ministry for Foreign Affairs in formulating Finland's position on the EU sanctions policy. Cooperation between Finnish Customs and the Ministry for Foreign Affairs has long roots that have only become stronger in recent years. Close cooperation has enhanced Finnish Customs' efficiency

and ensured the effective and timely enforcement of sanctions.

Finnish Customs' operating environment is characterised by constant and varying change. The drivers of this change are evolving global trends and sudden incidents with wide-ranging impacts. Evidence-informed risk management enables Finnish Customs to identify and respond to changes and threats in its operating environment, cross-border traffic flows, and the associated operators. Finnish Customs, operating on Finland's border and the EU's external border, is the first authority to face many attempts at illegal activity. Consequently, Finnish Customs needs the capacity to analyse, identify and respond to changes in its operating environment quickly, effectively and appropriately.



Cigarettes seized in connection with an investigation.

Illegal imports of cigarettes on the rise again

In 2022 and 2023, Finnish Customs uncovered numerous large batches of cigarettes illegally imported into Finland. The techniques included imports by aeroplane and ship passengers, concealment in the structures of vehicles entering Finland, and imports of larger cigarette batches via commercial shipments. Cigarette smuggling via freight traffic has shown the sharpest increase in terms of the number of imports and the quantity of cigarettes.

As a criminal phenomenon, cigarette smuggling volumes have increased markedly. Moreover, several criminal investigations have identified criminals with very regular, long-term activities. Finnish Customs' cigarette seizures have helped investigators uncover extensive criminal cases involving several imports, many of which also involved foreign operators. Criminal investigations have found that the total amount of tax avoided by smuggling cigarettes into Finland and distributing them here was, in many cases, millions of euros.

Cigarette seizures by Finnish Customs have increased significantly

In 2023, the Helsinki Unit of Finnish Customs by itself investigated 12 criminal incidents or larger criminal cases of cigarette smuggling, ranging from imports of a

few dozen cartons of cigarettes to over 2 600 cartons, amounting to 520 000 cigarettes. Based on the quantities of cigarettes seized in these cases, the amount of avoided tax ranges from EUR 2 500 to EUR 286 000. Notably, many of these investigations also uncovered dozens of previous illegal imports of cigarettes to Finland for distribution purposes.

Finnish Customs seized a total of 2.75 million cigarettes in criminal cases in 2023, more than double the number in 2022, when the figure was 1.19 million.

Criminal investigations revealed extensive smuggling operations

In a criminal investigation initiated in December 2022, Finnish Customs uncovered the suspected import of a total of 5.88 million cigarettes. The cigarettes had been imported into Finland from Estonia and Latvia in 25 express freight consignments, with several consignments a month. Five suspects were identified in the preliminary investigation, and the total amount of taxes avoided was EUR 1.93 million.

During the investigation, a total of 240 000 cigarettes were seized in Finland and 235 000 in Estonia, representing a total of EUR 158 080 in avoided tax. Laboratory

tests found the cigarettes to be counterfeit products. The perpetrators received district court sentences of prison terms ranging from one year and eight months to two years and three months. The judgment can still be appealed.

In smuggling operations of this scale, cigarettes are often delivered to recipients who handle wholesale quantities and have a sales network ready to sell the cigarettes onwards to end-users. The networks often use social media applications and discussion forums to make sales.

In 2023, Finnish Customs also uncovered a criminal case involving suspected illegal deliveries of a total of 430 200 cigarettes on 15 separate occasions to several buyers in Finland. The amount of tax avoided on this number of cigarettes is EUR 158 150. The preliminary investigation identified one person suspected of importing cigarettes and making them available for distribution in Finland and about a dozen buyers.

Finnish Customs seized a total of 2.75 million cigarettes in criminal cases in 2023, more than double the number in 2022, when the figure was 1.19 million.

Smuggled cigarettes often come in freight shipments from the Baltic countries

According to Finnish Customs Investigation, the majority of cigarette seizures involve illegal imports to Finland from Estonia or Latvia in freight consignments. The suspects in the investigations included several citizens from the Baltic countries, some of whom lived in Finland, while others operated either solely in the Baltic countries or travelled to Finland specifically to receive or transfer batches of imported cigarettes. Some Chinese, Belarusian, Ukrainian and Moldovan citizens were also among the suspects.

The cigarettes illegally imported into Finland corresponded to the most popular brands here. In particular, cigarettes imported to Finland from or via Latvia were found to be counterfeit products. Cigarette packets with Chinese, Latvian and Belarusian tax stamps were also imported into Finland, but the quantities were marginal.



Illegal imports of dogs driven by substantial financial rewards

A puppy can be bought abroad for a few hundred euros and sold in Finland for more than a thousand euros. Illegal importers of dogs often aim for substantial financial rewards without regard to the risk of spreading animal diseases.

Aggravated tax fraud and accounting offences

In recent years, Finnish Customs has investigated smuggling cases in which dogs and puppies have been illegally brought to Finland from Russia, Ukraine, Hungary, Spain, Poland, Romania and the Baltic countries, among others. In one case investigated by Finnish Customs, the suspect sold nearly 180 dogs for approximately one thousand euros each without paying taxes on them. According to the Tax Administration, this resulted in approximately EUR 30 000 of unpaid value added tax. Finnish Customs worked with the Police to investigate this extensive case.

In another case investigated by Finnish Customs, dogs and puppies valued at over EUR 300 000 were sold in Finland between 2017 and 2022, and not all the income was reported to the Tax Administration. According to the Tax Administration, this resulted in approximately EUR 50 000 of unpaid value added tax. Both cases also involve breaches of accounting obligations, so in addition to smuggling and aggravated tax fraud, the cases have also been investigated as aggravated accounting offences.

Illegal importers of dogs often aim for substantial financial rewards without regard to the risk of spreading animal diseases.

Finnish Customs has also investigated several cases of smuggling in which a private person has brought no more than the permitted number of dogs (five dogs) to Finland as pets, but sold the dogs after importing them.

The import of pets for sale is not permitted. It can be concluded that the low purchase price and high selling price of dogs tempt people to make easy money, regardless of import regulations.

Import regulations prevent animal diseases

One purpose of the regulations on importing dogs is to prevent the spread of animal diseases that can infect animals and humans. The most dangerous diseases are rabies and echinococcosis, both of which can be fatal. To prevent the spread of animal diseases, commercially imported dogs must have, among other things, a TRACES animal health certificate drawn up by the official

veterinarian of the country of origin. Dogs imported from outside the EU must also undergo veterinary inspections at the border of the first EU country the dog arrives in.

In the cases investigated by Finnish Customs, the dogs that were imported – actually for commercial purposes – lacked a TRACES certificate or a veterinary border inspection certificate, so it was impossible to verify the dogs' health. The commercial imports were purposefully concealed; several private individuals imported dogs into Finland from abroad to make it look like they were bringing a pet into the country.

Forged certificates and pet passports

During the preliminary investigation of one smuggling case, Finnish Customs found stamps in the suspect's possession which had been used to produce authentic-looking vaccination certificates for dogs. The investigation of the case began when Finnish Customs inspected a postal consignment that had arrived in Finland from Russia as part of a customs control. The consignment contained, among other things, pet passports with no names. The passports stated that vaccinations had been administered, but the passports did not identify the specific animal that had been "vaccinated".

In another preliminary investigation, a considerable quantity of documents on imported dogs were seized. The documents showed that the rabies vaccinations or echinococcosis medication for several dogs were invalid at the time they were imported. The preliminary investigation revealed that 15 dogs acquired from Ukraine were first transported via Poland to Estonia, where new pet passports were obtained for the dogs in order to disguise their origin. In addition, not all the imported dogs that came to light during the preliminary investigation were registered in Finland. Consequently, their whereabouts are unknown and their health cannot be verified.

Cooperation in supervision plays an important role

The Finnish Food Authority, which operates under the Ministry of Agriculture and Forestry, supervises animal health and thus also animal imports. For example, the Finnish Food Authority is responsible for carrying out veterinary border inspections. Finnish Customs supervises the import of animals according to the duties laid down for it. Regional State Administrative Agencies are also competent authorities for intra-EU animal movements. Uncovering the illegal import of dogs and other animals requires active cooperation and exchange of information, both within Finnish Customs and between different authorities.

Importing a pet is considered commercial importing when one of the following conditions is met:

- there are at least six animals
- the animals are sold or passed on within the EU
- an escort imports the pet, and the owner does not travel to Finland within five days of the escort bringing the pet into Finland
- the animal travels alone.

When the import of a pet is considered commercial, the animal must be cleared through Customs. Import duties are paid on animals sold or passed on. Under the new Animal Welfare Act, a puppy less than six months old may not be brought to Finland from another country with the intention of selling or otherwise passing on the puppy in Finland within four months of import.

Commercially imported animals must undergo veterinary border inspections when entering the EU. The import requirements differ depending on whether the animal is imported from an EU Member State or outside the EU, but both types of import require the following:

- a pet ID marking
- a valid rabies vaccination (and a rabies antibody test certificate if the animal is imported from outside the EU)
- treatment against echinococcosis
- a pet passport or an EU model health certificate valid for import from outside the EU and the original vaccination certificate
- a Traces declaration.

International meat smuggling and health offences

In 2022 and 2023, the Economic Crime Investigation Unit of Finnish Customs investigated international smuggling involving the import of a large quantity of unrefrigerated fresh beef and lamb to Finland without legal documentation.

500 kilos of meat in a car

The case was uncovered during a customs control at Helsinki's West Harbour in spring 2022. Finnish Customs' mobile team reported to the city of Helsinki's environmental services division that it had stopped a suspicious consignment of meat at a checkpoint. The meat was imported in an ordinary passenger car without refrigeration. The city of Helsinki's food safety unit asked Finnish Customs to investigate this case of suspected smuggling, illegal imports and health offences.

The suspect was a foreign person who tried to import a batch of meat into Finland by car from Latvia via Estonia. There was about 500 kilos of meat. The suspect said they had bought the meat products and were delivering them to their relatives and friends, not importing them for sale. During the inspection at the harbour, the suspect said that using a car was a one-off occurrence and that they normally import meat in a refrigerated vehicle. The suspect also said they had imported fresh or frozen meat to Finland in the past.

The Finnish Food Authority stated that it was not possible to consider such a large amount of meat as being meant for private consumption. Instead, the meat must have been intended for commercial use. The suspect has also failed to register their activities. The Food Act requires parties involved in the commercial import of foods to register. The documentation was also inadequate. There was no commercial documentation or salmonella test certificate, which are required for every imported batch.

The suspected smuggling and health offence has been transferred to the Southern Finland Prosecution District for consideration of charges.

Health risk to consumers and harm to other commercial operators

The case is serious in terms of consumer safety. The imported meat could have harmed the health and safety of citizens. The improper import conditions put end consumers at risk of falling ill, and could have enabled salmonella to spread among consumers.

In addition to the consumer safety risks, illegal imports like these harm all food industry operators who comply with the law. Operators who circumvent rules and regulations gain an unfair financial advantage through various forms of misconduct. Illegal importers attempt to avoid costs, for example, by failing to transport food in refrigerated vehicles or neglecting to obtain the approval required. Goods may also be traded without the required product tests or proper documentation.

Restrictions on food imports

As a rule, products move freely between EU countries. However, different import requirements may be imposed on food depending on the country of origin to ensure the safety of the products and prevent the spread of animal and plant diseases. The Finnish Food Authority regulates imports of foods of animal origin.

Ecstasy worth over one million euros seized in a private home

Ecstasy is known as a “party drug”—it is especially popular among young people and is often associated with nightlife and mass events. According to wastewater studies by the Finnish Institute for Health and Welfare in 2023, average ecstasy use in 2022 was lower than in the period from 2014 to 2020, but there is evidence that ecstasy use may be back on the rise since the end of the coronavirus pandemic. The wastewater studies indicate that ecstasy use is more typical in large towns and cities.

Stable ecstasy market in Europe

According to the European Drug Report 2023 from the European Monitoring Centre for Drugs and Drug Addiction (EMCDDA), MDMA is produced for markets in the EU and elsewhere mainly in manufacturing facilities around the Netherlands. In general, ecstasy production and consumption in Europe seem to have declined slightly in the early 2020s, but the coronavirus restrictions make it hard to draw far-reaching conclusions from this trend.

In 2021, EU countries reported a total of 10 000 cases in which MDMA was seized, and a total of 3.5 million ecstasy tablets was seized. Outside the EU, Turkey seized a total of 7.6 million ecstasy tablets in 2021.

Large quantity of drugs seized at a home in Vantaa

In July 2023, the Customs Investigation Unit in Tampere investigated an aggravated narcotics offence and conducted a house search in Vantaa. Finnish Customs seized a total of 26 kilos of ecstasy—approximately 52 000 tablets—and about 3 kilos of hashish. The average price of an ecstasy tablet has been 20 euros, so the street value of the ecstasy seized by Finnish Customs was over 1 million euros.

The preliminary investigation by Finnish Customs eventually expanded to include the distribution and sale of more than 110 000 narcotic Xalol tablets and more than 70 grams of cocaine in the Helsinki metropolitan area. The preliminary investigation revealed that a batch of drugs was imported from Haparanda, Sweden, to Tornio in early June. This batch contained 194 000 ecstasy tablets, 7 kilos of hashish and 55 200 Xalol tablets with the active ingredient alprazolam.

The Xalol tablets were hidden inside a lorry tyre. The tyre was delivered to a private home in Helsinki, and the Xalol tablets inside it were then distributed onward. The preliminary investigation revealed that cocaine was also sold from the same apartment in spring and summer 2023. Ecstasy and hashish had been sold and distributed from the prime suspect’s apartment in Vantaa, where the drugs were seized.

Criminal enterprise worth 4 million euros in total

The criminal enterprise uncovered by Finnish Customs included the import, transport, possession, distribution and sale of drugs. The street value of the smuggled narcotics totalled more than 4 million euros. In addition, an illegal firearm was seized during the preliminary investigation, along with thousands of euros of cash derived from criminal activity.

The preliminary investigation covered five suspects who are citizens of Finland, Sudan and the Democratic Republic of Congo. Three people were suspected of selling and distributing drugs. In autumn 2023, Helsinki District Court convicted them of aggravated narcotics offences and sentenced them to imprisonment for terms ranging from two years and one month to five years and six months. Two people who purchased drugs were given short suspended prison sentences.

During the preliminary investigation of the criminal enterprise, Finnish Customs worked closely with the National Bureau of Investigation, local police units and European law enforcement authorities. The preliminary investigation revealed that the criminals intended to distribute the drugs in Finland, reflecting the volume of the illegal drug market in the country and the demand for narcotics.

MDMA, commonly known as ecstasy, is a synthetic drug with a chemical structure similar to amphetamine and mescaline. The drug has stimulating and hallucinogenic effects. Ecstasy is classified as a very dangerous drug in Finland. It can cause fatal poisoning even at relatively small doses. In some cases, death is caused by dehydration and heat stroke. Ecstasy is usually taken orally as a tablet. The tablets are usually colourful with various prints and can vary greatly in strength. Ecstasy can have unpredictable interactions with other drugs.

Online crime prevention

Cybercrime is a constantly evolving operating environment, as criminals use new methods and technologies in their illegal activities. The key goal for criminals is to use anonymity techniques, such as message encryption, cryptocurrencies and masking the location of online services.

Although drug-related crime is probably the best-known and most visible form of cybercrime in the media, the internet is connected to almost all criminal activity in one way or another. Typical customs offences facilitated online include various crimes related to excise duties, mainly for alcohol and tobacco products, and for example the sale of stolen, restricted or prohibited objects online and their transfer across international borders.

Transactions are increasingly moving to instant messengers and discussion forums

Online sales of narcotics can be roughly divided into two types: marketplace sales and sales via instant messaging apps and discussion forums. Marketplace sales also enable narcotics and pharmaceuticals to be distributed to sparsely populated areas, which have less street selling than in cities.

One of the clearest trends in the past few years has been the shift of online drug sales to instant messaging services and regional sales groups on discussion forums. In practice, this has meant an increase in street sales of drugs, as deals made in instant messaging apps and discussion forums are mostly concluded in person. Dead drops are also commonly used as a delivery method. Despite these trends, marketplace sales of drugs on the dark web remain an important channel for drug distribution.

Piilopuoti: In memoriam

One of Finnish Customs' major successes in combating cybercrime in 2023 was the seizure of the server operating the Piilopuoti drug marketplace and the closure of the service. Piilopuoti operated on the dark web for about a year and four months. Its market facilitated the sale of narcotics and pharmaceuticals smuggled in from abroad to Finnish buyers. Finnish Customs successfully put a stop to Piilopuoti's activities in an operation carried out in cooperation with the Lithuanian and German authorities, as well as Europol and Eurojust. The preliminary investigation into Piilopuoti is still ongoing. The investigation by Finnish Customs aims to identify the sellers and buyers who used the service.



When an authority closes a drug marketplace, it creates uncertainty and confusion among drug offenders on the dark web. This was also the case when Piilopuoti was closed down. Rumours, speculation and unanswered questions began to appear on discussion forums immediately after Finnish Customs closed the marketplace and announced it on the Piilopuoti website. Users were confused by some binary code embedded in the announcement, which was deliberately made somewhat ambiguous. When decoded into text, the binary code led to a customs legislation webpage. Hidden communications like these are intended to remind marketplace users that it really is illegal to use such markets, and that the authorities are keeping track of the phenomenon.

Cyber training

The expertise of Finnish Customs criminal investigators in the internet, darknet and cryptocurrency was of a high standard in 2023, receiving plenty of national and international praise. In the past year, the investigations department provided cyber training on several Finnish Customs training courses. In addition, Finnish Customs Investigation participated in cybercrime prevention training events and seminars organised in cooperation between the Police, Customs and Border Guard. International stakeholders have also requested training in cyber skills from our investigators. This training has been provided at events in the sector across Europe, such as Europol events.



Finnish Customs Laboratory identifies designer drugs and new intoxicant phenomena

The number of synthetic designer drug samples sent to the Finnish Customs Laboratory for analysis has remained stable in recent years. Designer drugs emerged as a visible trend between 2009 and 2013. The number of samples peaked in 2013 when more than 1 500 samples were analysed. After that, the number of samples decreased steadily until 2019 and remained between 600 and 700 between 2020 and 2023.

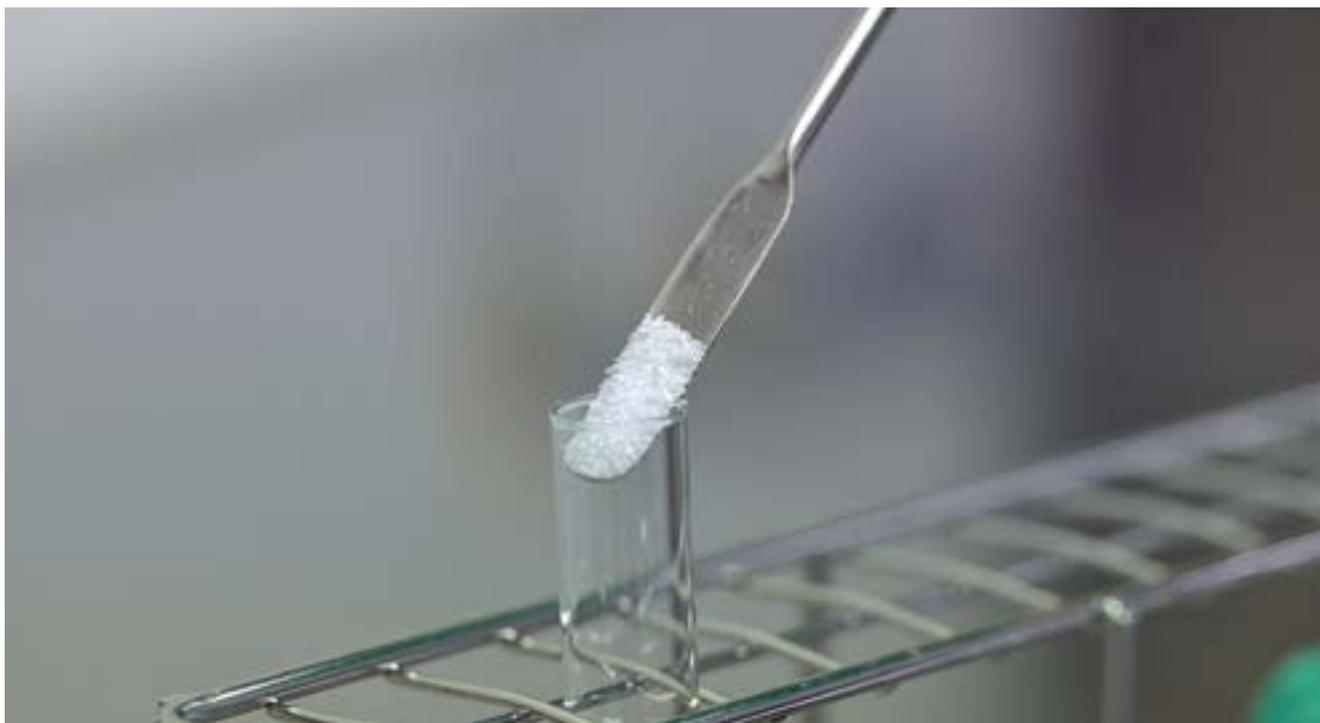
The majority of designer drugs analysed by Finnish Customs are stimulants. In terms of their chemical structure, they usually belong to the cathinone or phenethylamine groups. This differs from other European countries in that synthetic cannabinoids have been the largest group of seized samples across the EU, whereas in Finland, they have only accounted for about 5% of all designer drugs.

Alpha-PiHP and alpha-PHP substances were the most common synthetic designer drugs analysed last year. These are stimulants similar to MDPV and alpha-PVP, which were previously popular but which the Customs Laboratory has hardly detected in its analyses in recent years. However, alpha-PVP shows up a lot in coroners' inquests and drug testing in health care. It is therefore possible that new smuggling methods are now being used or that the substance is manufactured within Finland's borders.

Ketamine and kratom are new phenomena

The amount of ketamine has rocketed in recent years. Typically, a few hundred grams of ketamine were analysed each year. However, in 2022, nearly five kilograms of ketamine were analysed, and last year, it was more than 25 kilograms. When used legally, ketamine is a pain-relieving anaesthetic, and its use in Finland is only permitted under the supervision of a specialist physician. As a narcotic, ketamine is a hallucinogenic substance that can also cause dissociative (out-of-body) experiences. Almost all the ketamine analysed was in powder form. In other words, it was not an official medicinal product.

The amount of *mitragyna speciosa* (kratom) has remained high. A record quantity of kratom was analysed in 2022 – nearly 80 kilograms. Last year, the quantity was approximately 20 kilograms. *Mitragyna speciosa* is a tree growing in the tropics. Preparations made from the leaves of the tree are called kratom. It contains a substance called mitragynine, which has a stimulating effect at small doses of tens of milligrams and a calming effect at higher doses of several grams. Kratom is usually chewed or brewed as tea.





Seized counterfeit medicines.

Legalisation of cannabis has brought new products to the market

The legalisation of cannabis, especially low-THC cannabis, in many countries has affected the development and marketing of new semisynthetic cannabinoids. The legal cannabis market has grown rapidly in a short space of time, and competition is fierce. This has forced cultivators to develop new products for the market due to high electricity, water and land costs. New cannabinoids contained in the products include HHC, HHC-O and HHC-P. These can be chemically made from THC or CBD extracted from cannabis and added to a wide variety of products, including plant groats, tablets, capsules, confectionary, and e-cigarette liquids. Such products have also been studied extensively at the Finnish Customs Laboratory. However, it is hard to estimate their quantities unequivocally, as many preparations also contain at least small concentrations of THC, which is why they are categorised under THC in the statistics.

New opioids alongside fentanyl derivatives

New synthetic opioids have been in the headlines for a long time, especially since opioids have caused many deaths in the United States. The illegal fentanyl derivatives that are now on the market have particularly strong effects, and the doses are in the order of micrograms.

In Europe, fentanyl derivatives have caused considerably fewer problems, and the Finnish Customs Laboratory's analyses mainly identified them between 2015 and 2018. Since 2021, no fentanyl derivatives have been found in samples analysed by the laboratory. In recent years, new benzimidazole-type opioids, also known as nitazenes, have appeared alongside fentanyl derivatives and are just as dangerous. Of these, ethazene and ethomethazene have been detected in only a few samples analysed by the Finnish Customs Laboratory. However, the police have warned of counterfeit medicines in which nitazenes have been found.

Benzodiazepines in counterfeit medicines

The Finnish Customs Laboratory regularly encounters counterfeit medicines. Noteworthy phenomena include counterfeits of the well-known narcotic drugs Xanax and Valium, which have been found to contain designer benzodiazepines. These were first identified in analyses in 2015. Although the number of samples has since fallen, the phenomenon has not completely disappeared. Almost all the counterfeit benzodiazepines analysed were loose tablets. For example, no counterfeits were found in blister packs. Therefore, the risk of using counterfeit medication is likely to be lower if the product comes in proper pharmaceutical packaging.

NMR measurement technology adds further strength to the Finnish Customs Laboratory's range of equipment

In 2025, the Finnish Customs Laboratory will introduce a new measurement technology, namely nuclear magnetic resonance (NMR) spectroscopy. NMR technology can be used to unambiguously determine the chemical structures of unknown organic substances, such as narcotics, and determine the concentrations of substances. Until now, NMR analyses have been commissioned from partner laboratories in the EU, such as NFC, the forensic laboratory of the Swedish police. Thanks to funding granted in the first round of the EU's Customs Control Equipment Instrument (CCEI) funding programme, the Finnish Customs Laboratory now has the opportunity to acquire its own high-field NMR device.

NMR technology can be used to study illegal imports and suspected customs offences and analyse the structures of items such as counterfeit foodstuffs, fuels or polymers. In addition, NMR analyses can be used for product safety, commodity codes and CBAM studies. The need for NMR analyses in these areas will be specified later.

Faster situational awareness of new narcotic substances nationally

The new NMR device complements the Finnish Customs Laboratory's already strong selection of structural analytics equipment. NMR analyses will be especially useful in criminal investigations involving previously unknown substances or where it is important to determine the concentrations of substances and the purity of the sample. The Finnish Customs Laboratory will continue to work closely with the NBI's forensic laboratory and will also provide NMR analyses for the police.

Combined with the high-resolution mass spectrometry already in use, structural determination via NMR can identify new substances and help to update the substance libraries used for measuring instruments. Routine analysis devices use spectral libraries of substances to identify narcotics, psychoactive substances banned in the consumer market and non-classified substances, so it is very important to keep these libraries up to date. Spectral libraries are usually updated by purchasing ref-

erence substances from contractual suppliers. However, reference substances are sometimes unavailable or may be too expensive. NMR technology does not require reference substances, so it will enable faster situational awareness at the national level when, for example, new designer drugs begin to appear on the market.

New technology helps determine compound profiles and concentrations of substances assumed to be hazardous

NMR analyses can be used to map the substance profile of an unknown sample or one assumed to be hazardous before other techniques are used to analyse the sample further. This is helped by the fact that the sample examined using NMR measurement is kept in a separate glass NMR tube.

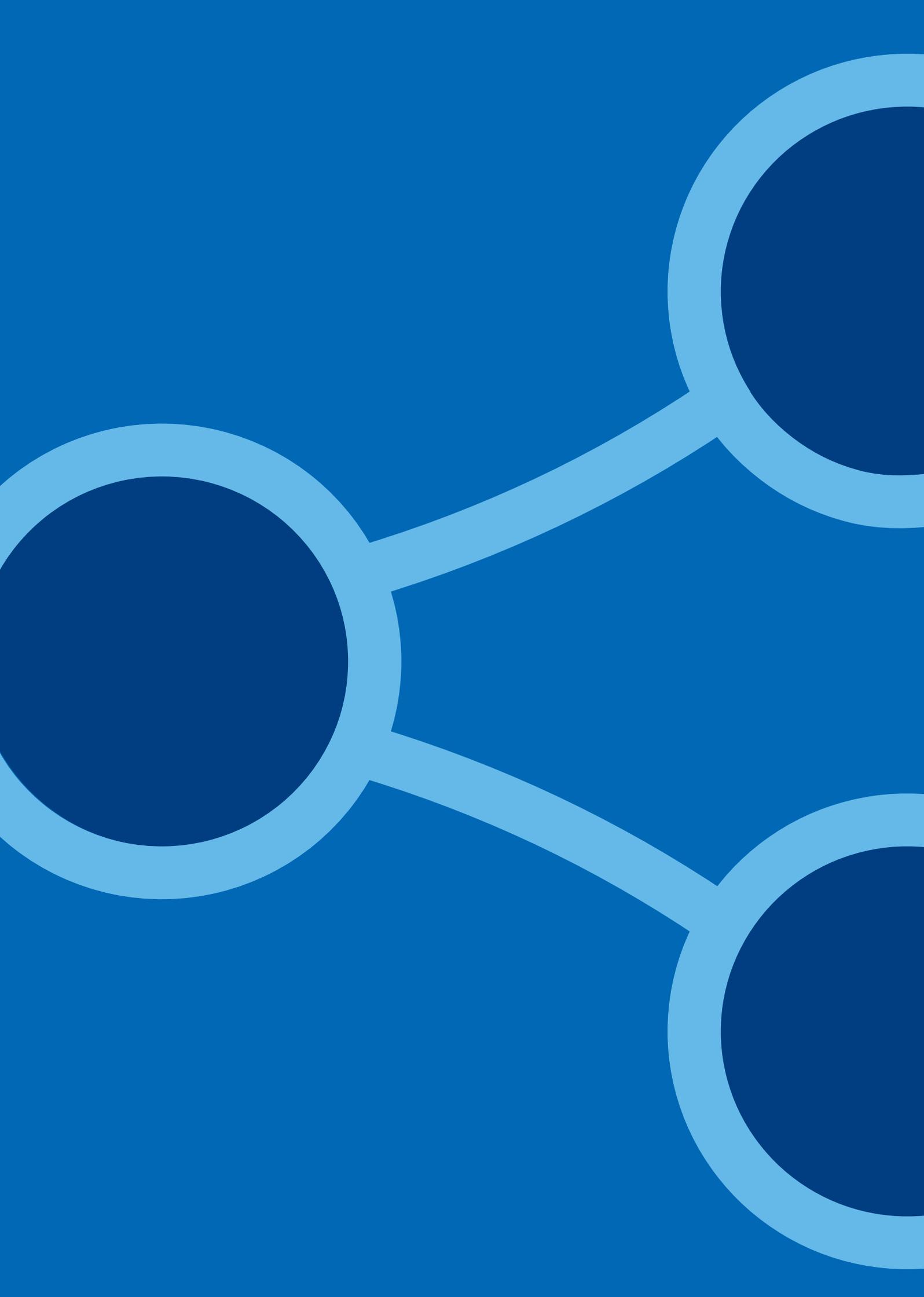
NMR technology does not require substances to be separated, for example, using chromatography, before identification. Therefore, the technology can be used to determine cutting agents and impurities in addition to the substance itself in one sample. As a result, the NMR device can also determine the concentrations of substances very precisely and for a wide range of substances. In the future, determining the concentrations of substances will also be faster, as samples will no longer need to be sent to subcontracting laboratories.

The Customs Laboratory cooperates with other EU customs authorities

The Finnish Customs Laboratory will continue to work closely with the Customs Laboratories European Network (CLEN). One of the Customs Laboratory's important tasks is to report new non-classified narcotic substances to the European Monitoring Centre for Drugs and Drug Addiction (EMCDDA). In accordance with the agreement made by the EU Customs Laboratories Expert Group, the Customs Laboratory is also committed to providing NMR analysis services to other customs laboratories. Analytics can also be provided to other EU authorities.

NMR technology in a nutshell

NMR spectroscopy relies on the behaviour of certain types of atomic nuclei, such as ^1H and ^{13}C , when subjected to a strong magnetic field. Simply put, an NMR device consists of a powerful superconducting magnet and radio frequency transmitters and receivers. Substances are identified based on the responses of atomic nuclei in NMR spectra after Fourier transformation. One well-known application of NMR spectroscopy is Magnetic Resonance Imaging (MRI), which is widely used in medicine.



Carbon Border Adjustment Mechanism to become a new way to prevent carbon from leaking out of the EU

The Carbon Border Adjustment Mechanism (CBAM) is the EU's new method of preventing carbon leakage – the diversion of emissions – from the EU. The CBAM applies to certain goods imported from outside the EU that generate high emissions during production and carry a high risk of carbon leakage. CBAM goods include certain iron and steel products, fertilisers, aluminium and cement products, hydrogen and electricity.

The CBAM aims to ensure that the prices of goods imported into the EU reflect their carbon content more accurately. A further aim is to encourage non-EU countries, foreign manufacturers, and EU importers to reduce their emissions.

The CBAM has been described as a customs duty on carbon or a carbon tax in public discourse. However, these terms are no longer used because the CBAM is neither a customs duty nor a tax. Instead, the importer buys CBAM certificates to cover the embedded emissions of the product. The CBAM is regulated by the Carbon Border Adjustment Mechanism Regulation (EU) 2023/956.

Finnish Customs the competent authority in Finland

Each country stipulates the competent authority and responsible ministry for the CBAM in its national legislation. In Finland, the Ministry of Economic Affairs and Employment is responsible for developing and monitoring the national implementation of the CBAM. The competent authority is Finnish Customs, responsible for supervision and imposing sanctions.

The competent authority varies from one EU country to another. Austria, Croatia, Romania and Slovenia have also designated their customs authorities as the competent authority. Other countries have chosen different competent authorities. For example, it is the Energy Agency in Denmark, the Ministry of the Environment in the Czech Republic, and the Environmental Protection Agency in Sweden and Ireland.

Finnish Customs acts as a customs authority and a national competent authority. The competent authority is responsible for supervision in accordance with the CBAM Regulation. Finnish Customs is entitled to obtain the information necessary for supervision from the parties subject to obligations under the CBAM Regulation. Finnish Customs also imposes penalties if importers neglect their reporting obligations. As the competent authority, Finnish Customs is also responsible for informing and advising businesses and private individuals and managing permits and guarantees. Finnish Customs is also responsible for

selling CBAM certificates and processing demands for rectification related to CBAM declarations.

As a customs authority, Finnish Customs is responsible for ensuring that CBAM goods are imported only by authorised CBAM declarants. Finnish Customs provides the European Commission with certain information on imported CBAM goods. The Commission verifies this information against the information that importers provide to the CBAM register.

Transitional period until the end of 2025

The CBAM will be introduced over a transitional period from 1 October 2023 to 31 December 2025. The transitional period will serve as a piloting and learning phase for importers, producers and authorities of CBAM goods. In addition, emissions data will be collected during the transitional period to finetune the emission calculation methods.

Importers of CBAM goods will not need to purchase CBAM certificates during the transitional period. However, importers are obliged to register for the CBAM transitional register maintained by the EU and report their goods quarterly. The reports must state the quantity of imported goods, the direct and indirect emissions of the goods, any carbon prices paid in the country of origin, and the compensation received.

In the future, importers will need a permit and must buy CBAM certificates

Following the transitional period, companies and individuals will need to have an authorised CBAM declarant's permit as of 1 January 2026. Without this permit, Finnish Customs will not permit imports of CBAM into the customs territory of the EU.

Importers must also buy CBAM certificates. Importers must have certificates covering the emissions generated when the goods were manufactured. One certificate corresponds to one tonne of embedded emissions in imported goods. The prices of CBAM certificates are confirmed weekly based on the average auction price in the European Union Emissions Trading System (ETS) in the previous week. In spring 2023, one emission allowance cost EUR 85–90.

In future, authorised CBAM declarants will need to submit an annual declaration to the European Commission's CBAM register by 31 May each year. The first annual declaration must be submitted by 31 May 2027 for imports in 2026. The annual declaration states the imported goods, their embedded emissions, and the number of CBAM certificates required. If it is not possible to declare the actual

emissions (for example imported electricity), default values should be provided.

New supervisory duties

The European Commission carries out risk-based controls on the information in the CBAM register to ensure there are no irregularities in the purchase, holding, surrender, repurchase and cancellation of CBAMs. The Commission will notify competent authorities of any irregularities it identifies, and the competent authority must conduct a further investigation and make the necessary corrections. In addition, the Commission monitors and intervenes in cases of circumvention of the regulation. EU Member States and other parties can report circumvention to the European Commission.

As the competent authority, Finnish Customs will have new supervisory duties. Finnish Customs can also check CBAM declarations in accordance with risk analyses and control strategies. The check may necessitate a visit to the CBAM operator's premises.

Incorrect reporting may result in penalties. Finnish Customs may impose a penalty payment if an importer fails to surrender CBAM certificates correctly. The European Commission or the competent authority may demand the surrender of missing or incorrect CBAM certificates within one month. Even during the transitional period, a penalty payment may be imposed on an importer or an authorised CBAM declarant's permit application may be rejected due to repeated non-compliance with the reporting obligation.

Finnish Customs is responsible for analysing risks, inspecting goods, sampling and laboratory tasks during the customs clearance phase, as is always the case when goods are imported into Finland from outside the EU. Finnish Customs is also responsible for preventing and detecting customs offences and for preliminary investigations of customs offences.

National CBAM legislation is still under development and will take into account regulations on CBAM-related crimes.

The International Affairs Group is the nerve centre of Finnish Customs' international cooperation

The International Affairs Group that operates under the Enforcement Department plays an important role in Finnish Customs' international cooperation in customs enforcement and crime prevention. Administratively, the unit is located under Strategic Planning and International Affairs, and makes up half of the Enforcement Department's Legal and International and Affairs Unit.

The group has ten members in Finland, located in Pasila and Lappeenranta. It also has contact persons placed abroad at Europol, in the Hague and in Tallinn. One of Finnish Customs' contact persons is due to be relocated in spring 2024, as Finland's main consulate in St Petersburg closed in autumn 2023. The diverse placement of contact persons enables extensive cooperation with customs and police authorities and other agencies in various countries.

Responsibility for international legal and administrative assistance and customs cooperation agreements

The International Affairs Group serves as the Central Coordination Unit in the Enforcement Department in national and international cooperation as regards legal and administrative assistance. The group is also responsible for a number of key roles in customs crime prevention. These include the preparation and coordination of bilateral international customs cooperation agreements

which are essential to the effectiveness and security of international customs operations.

In addition, the group coordinates the international affairs undertaken by the Enforcement Department, as well as crime prevention. The group also participates in providing training in matters within the sector in question when necessary and, for Customs' part, is responsible for developing the network of contact persons abroad for Finnish law enforcement authorities.

The PTN network of contact persons promotes security, cooperation and information exchange in the Nordic countries

The Nordic Police and Customs Authorities network (PTN) of contact persons comprises one of the International Affairs Group's most important forms of cooperation. The network includes a total of 40 Nordic contact persons around the world. These individuals provide their services to all the police and customs authorities in the Nordic countries, a fact which significantly promotes regional security and cooperation and improves information exchange.

In addition, the International Affairs Group actively participates in other forms of international cooperation, such as NTR cooperation between the customs authorities in the Nordic countries, as well as various national and international working groups.

Finnish Customs better prepared for CBRNE threats

Finnish Customs is one of the first authorities at the nation's borders to face potential CBRNE threats from imports. CBRNE threats refer to the misuse of chemicals (C), biological pathogens (B), radioactive materials (R), nuclear weapons (N) and explosives (E). CBRNE threats can be associated with the transport, use, possession and storage of dangerous goods.

In recent years, Finnish Customs has enhanced its CBRNE capabilities in an evolving operating environment. A separate CBRNE development project was launched in spring 2023 to enhance procedures. The project aims to boost employee competences and intensify national cooperation between different sectors in terms of CBRNE expertise. The benefits of this cooperation include synergies in targeting and coordinating the procurement of equipment. In addition, competences can be enhanced through joint exercises.

The national CBRNE strategy designates Finnish Customs as the key CBRNE operator carrying out controls related to CBRNE threats. The primary objective of controls is to ensure the safety of the supply

chain for the import of goods. Maintaining the safety of goods requires the ability to detect and identify CBRNE substances at border crossings and import intersections, the detection of security threats, and preparedness and response to situations in the control of CBRNE substances.

EU funding secures high-quality equipment to prepare for CBRNE threats

At the end of the year, Finnish Customs launched a project to improve its CBRNE capabilities. Finnish Customs will acquire equipment to identify dangerous substances and protect against them. The two-year project is funded by the Internal Security Fund (ISF). The funding can be used to improve the quantity and quality of Finnish Customs' CBRNE protective equipment and its ability to identify various CBRNE situations. The fund will strengthen the European Union's crisis resilience and preparedness for new threats in areas such as critical infrastructures.



Customs personnel in protective gear, ready to identify dangerous substances.

Intensified tax supervision of online alcohol sales continued

Until the end of 2023, Finnish Customs continued its intensified tax supervision of online alcohol sales, launched with the Tax Administration in November 2022. The project, initiated by the Ministry of Finance, aimed to ensure that excise duties are paid to Finland on alcoholic beverages ordered from online stores in other EU Member States. Unpaid taxes on alcohol ordered from online stores have been estimated to cause a tax gap as large as EUR 80–100 million annually.

Finnish Customs and the Tax Administration were granted additional funding for the supervision project. This enabled Finnish Customs to recruit extra supervision resources and acquire storage space for alcohol.

Results of intensive supervision

During the intensive supervision period, Finnish Customs inspected consignments arriving in Finland containing alcoholic beverages purchased from online stores based on a risk analysis. Finnish Customs detained and stored a total of 414 748 litres of alcoholic beverages for further investigation by the Tax Administration in cases where no advance notification and guarantee had been submitted in accordance with the Act on Excise Duty. About 70 per cent of the detained beverages were beer, about 15 per cent were wine, and the rest were other beverages.

The Tax Administration found some of the detained consignments to be distance selling where the seller is

liable for the taxes. The Tax Administration decided to seize these consignments.

However, in the case of distance purchases, the buyer is liable for the taxes on the alcohol they order. If a distance buyer has not fulfilled the obligations stated in the Act on Excise Duty, the order is transported from Customs to the customer after clearance. In this case, the Tax Administration sends the customer a retrospective tax decision.

Based on the volumes ordered from the largest online alcohol stores, Finnish people ordered significantly less alcohol from foreign online stores during the period of intensified supervision.

Now that intensified supervision has ended, Finnish Customs is in charge of tax supervision of online alcohol stores as part of its normal everyday supervisory work.

Government Programme aims to clarify legislation

The alcohol and tax legislation may be amended in the future. The Government Programme states that the Government aims to clarify interpretations related to online alcohol sales, allowing Finnish people to buy alcohol from online stores in other EU countries. The Government Programme also aims to extend the tax liability of buyers for online alcohol purchases.



Crime statistics

Crime overview	2019	2020	2021	2022	2023
Offences	7 835	6 641	5 402	6 482	6 245
Suspects of offences					
Foreigners total	2 856	2 121	1 723	2 160	2 171
All suspects	7 520	6 216	5 097	5 915	5 730
Impact of customs crime prevention (EUR million)					
Recovered proceeds of crime	24.5	26	32.1	71.2	37.1
Value of goods not seized	21.5	19.6	21.1	26	30.7
Evaded taxes	24.2	11.6	17.1	8.8	19.7
Total	70.2	57.2	70.3	106	87.5

Narcotics-related offences	2019	2020	2021	2022	2023
Aggravated narcotics offence	389	272	285	291	390
Narcotic offence	1 527	1 114	1 111	955	1 029
Preparation of a narcotics offence	34	35	78	96	103
Illicit consumption of narcotics	70	21	69	47	34
Total	2 020	1 442	1 543	1 389	1 556

Seized narcotics	2019	2020	2021	2022	2023
Amphetamine and methamphetamine (kg)	24	42	81	87	62
Hashish (kg)	47	0.7	3.5	12.1	19
Heroin (kg)	7.3	0.040	0.110	0.002	0.088
Khat (kg)	1 313	427	276	926	563
Cocaine (kg)	33	8.5	55	4.8	16.2
Marijuana (kg)	256	275	262	318	465
Total (kg)	1 714	769	710	1 382	1 196
LSD (doses)	3 671	1 699	9 893	3 332	2 405
Ecstasy (tablets)	40 935	79 451	53 916	41 200	93 246
Buprenorphine (tablets)	14 868	54 518	41 108	4 115	44 066

Medicine offences	2019	2020	2021	2022	2023
Medicine offence	117	456	103	155	138
Medicine violation	564	1 015	828	1 175	801
Total	681	1 471	931	1 330	939

Seized medicines	2019	2020	2021	2022	2023
(tablets)	83 843	370 384	1 537 444	355 956	142 055

Doping offences	2019	2020	2021	2022	2023
Aggravated doping offence	9	23	22	24	12
Doping offence	47	46	62	80	102
Petty doping offence	150	169	166	188	340
Total	206	238	250	292	454

Seized doping substances	2019	2020	2021	2022	2023
(tablets/ampoules)	298 326	34 678	21 611	24 868	20 373

Seized cigarettes	2019	2020	2021	2022	2023
(million pcs)	2.7	4.5	0.7	1.2	2.8

Seized snus (kg)	2019	2020	2021	2022	2023
	4 940	7 011	9 104	4 460	857

Alcohol offences	2019	2020	2021	2022	2023
Aggravated alcohol offence	2	7	2	5	3
Alcohol offence	4	16	1	1	10
Alcohol violation	321	88	67	58	71
Petty alcohol offence	1	1	0	5	13
Total	328	112	70	69	97

Alcohol seizures	2019	2020	2021	2022	2023
(litres)					
Neutral spirits	0.5	4.4	9.0	0.5	41.5
Others	1 272	11 732	10 975	21 795	2 019
Total	1 273	11 736	10 984	21 796	2 061

Firearms offences	2019	2020	2021	2022	2023
Aggravated firearms offence	0	6	8	3	1
Firearms offence	33	103	85	81	59
Petty firearms offence	146	66	56	77	94
Firearms violation	0	0	3	0	1
Total	179	175	152	161	155

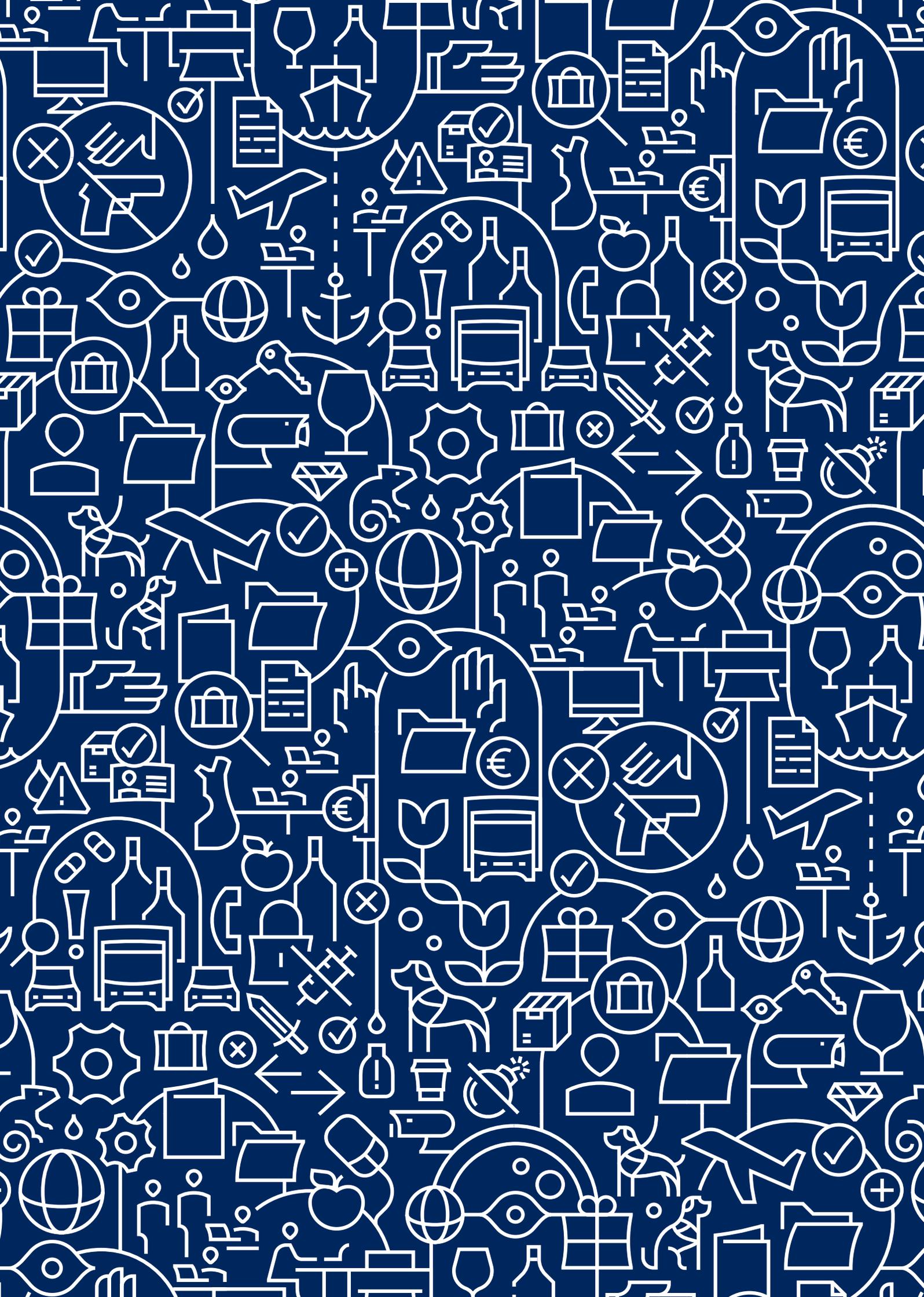
Seized weapons	2019	2020	2021	2022	2023
Gas weapons	187	506	435	284	237
Firearms	45	28	56	20	15
Total	232	534	491	304	252

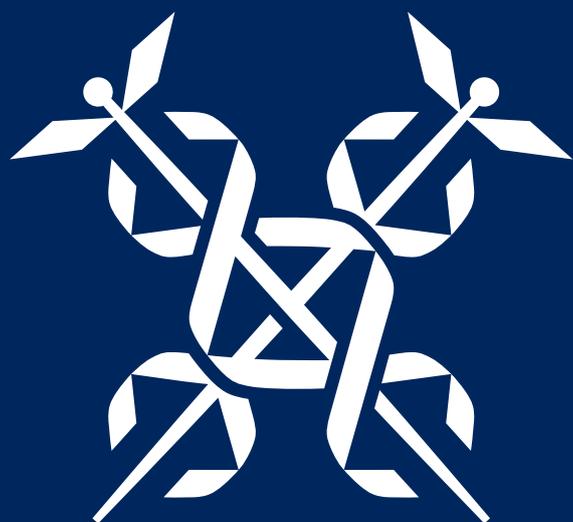
Tax frauds	2019	2020	2021	2022	2023
Aggravated tax fraud	149	98	96	122	107
Standard offence	256	231	156	113	109
Petty tax fraud	957	588	316	347	417
Total	1 362	917	568	582	633

Customs offence investigations 2023

Source: Customs Laboratory

Samples relating to suspected customs (pcs)	
Doping	1 031
Narcotics	1 793
Pharmaceuticals classified as narcotics	436
Substances banned from the consumer market	416
Unclassified narcotic substances	22
Pharmaceuticals	1 832
Other crime-related samples	120
Negative	585
Total	6 235





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