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CUSTOMS

Finnish Customs Enforcement 2015



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Constant change is the new norm

At last! 2015 was the first year when there were no organisational restructurings in the enforcement sector. The current organisational framework was finalised on 1 January 2015 when intelligence and analysis activities started in the Enforcement Department. For intelligence and analysis personnel, the past year has been about learning new methods, as information flows need to be monitored simultaneously in several processes in terms of both administration and crime prevention. After some initial struggles, intelligence and analysis activities have gained good speed and have started to produce expected results.

2015 proved that the permanence of circumstances and our operational environment is but a nostalgic memory, and that constant change has become the new norm. From the viewpoint of a Customs employee, the most important change came completely out of the blue with the introduction of the new Government programme which provides that taxation tasks are to be transferred from Customs to the Tax Administration. I am sure that, in these circumstances, Customs personnel mainly experience concern and uncertainty about the future.

People are asking what the role of Finnish Customs will be in the future. Are we to expect yet more organisational turmoil as our core tasks are tampered with? Many are wondering what their future tasks will consist of. Things started to become somewhat clearer during last autumn and early winter with the progress of the VETO project that focuses on the transfer of Customs' taxation tasks, and lately it has been possible to grasp Customs' future role and responsibilities. It is clear that more focus will be placed on the tasks of the enforcement sector, maybe even more so than in the past and on a broader scale. Time will tell what will happen, but I hope that we will not lose our traditionally strong identity.

In 2015, we also saw that the pressure for change due to our operational environment does not weaken the commitment and efficiency of our personnel. Last year we produced high-quality results in all areas of enforcement despite all the turbulence we experienced.

At the same time, the enforcement sector displayed remarkable reactional skills and ability, as Operation Tornio took only a few days to set up and our personnel took re-



sponsibility of enhanced customs enforcement on our western land border in teams of 30–40 people. The operation required considerable effort and was an impressive tour de force in terms of Customs' abilities.

Correspondingly, with the popularity of Internet trade, risks involving internal goods traffic have multiplied from the perspective of enforcement authorities. Everything is for sale on the Internet and goods are delivered all the way to people's front doors, a fact which challenges customs authorities to react quickly with sufficient resources. I am confident that we as customs officers can respond to these challenges of the digital age. In addition to carrying out our impressive operative activity, we will continue planning our future operations for ensuring that we have the suitable tools and methods. The renewal of methods and practices through task management and mobility has gained momentum; the management of normal and special situations is being clarified, new tools are continuously being developed for detecting anomalies in flows of information, and increasing emphasis is placed on Customs' ability to operate in information networks. The list of development needs is endless, but under control.

2016 will require a lot of work from all of us, as well as flexibility from the entire enforcement sector.

I wish you all the best for 2016.

Sami Rakshit

Crime overview

The European migrant crisis was not reflected in the narcotics offences that Customs investigated in 2015, although most persons suspected of aggravated narcotics offences were foreigners. Estonians comprised the largest group of foreign citizens, but there has also been an increasing number of suspects of African background in recent years. These persons have imported and distributed marijuana, ecstasy and cocaine.

In terms of the crime situation in Finland, the Internet poses a structural threat, as it is the primary marketing channel for designer drugs, medicines and doping substances. For example, precursors are distributed via the Internet, a fact which is reflected in the increased number of drug mixing laboratories and drug production facilities in Finland.

A steady increase in the number of criminal offences as indicated by statistics in recent years is also a current trend. In 2015, the number of criminal offences remained at a high level, although the 9 656 offences that Customs uncovered is just over 100 offences less than in 2014.

There were 856 tax frauds, which is the highest number in five years. The number of doping offences was also the highest over the comparative period of five years. The number of doping seizures increased by 30 per cent. There were 2 312 narcotics offences, which was over one hundred offences more than in 2014 (2 211 offences).

The number of alcohol offences dropped after having risen for a few years. In 2014, the number was higher by 244 cases. The quantity of seized

alcohol was also the smallest over the five-year comparative period.

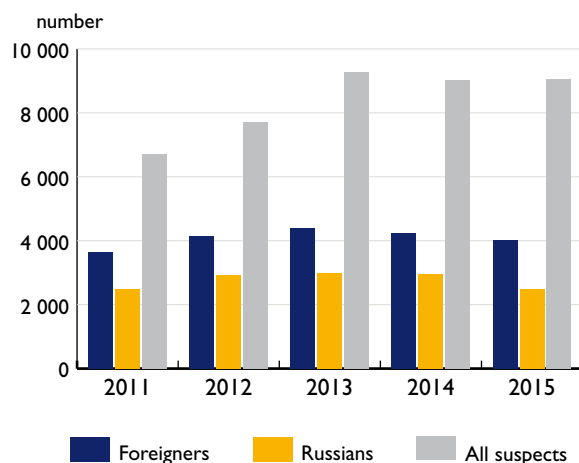
The societal impact of customs crime prevention amounted to about 16 million euros in 2015, the smallest amount in five years. The most significant decrease occurred in the amount of evaded taxes which dropped from the 2014 amount of 26.5 million euros to 3.45 million euros in 2015. The value of unseized goods dropped from 82.2 million euros in 2014 to 1.79 million euros in 2015.

Customs received about 1 700 tip-offs on suspected customs offences in 2015 mainly through the tip-off phone and the online tip-off service. Customs received around 1 100 tip-offs in 2014. The number of reports concerning the car taxation of vehicles registered abroad rose significantly in comparison with 2014.

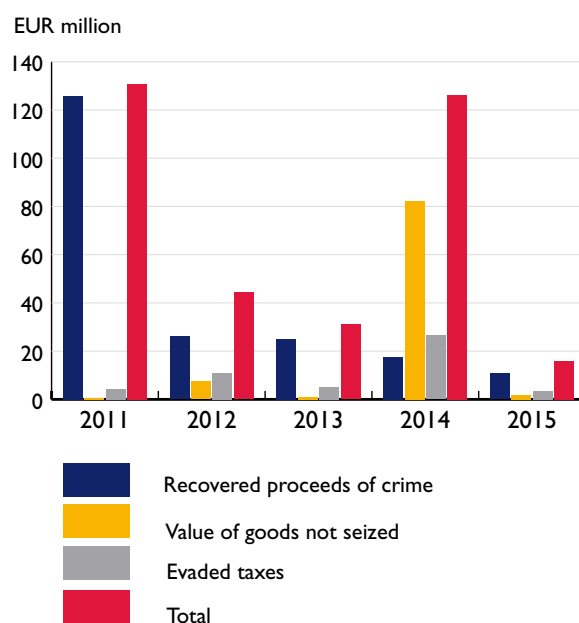
Offences detected by Customs 2011–2015



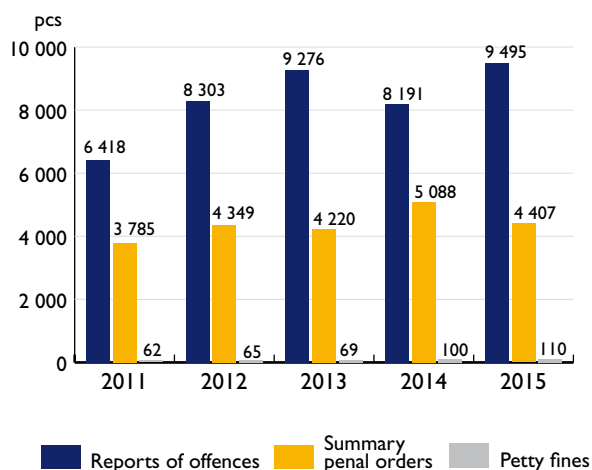
Suspects of offences 2011–2015



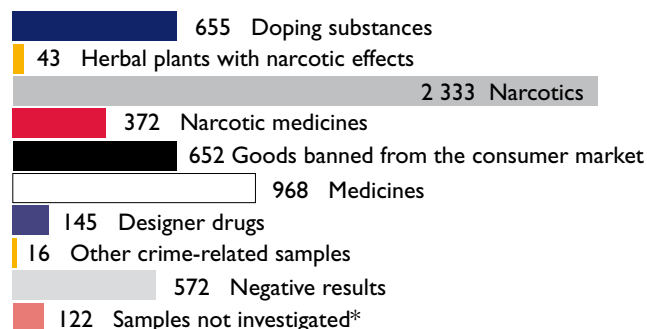
Impact of customs crime prevention 2011–2015



Reports of offences, summary penal orders and petty fines 2011–2015



Customs offence investigations (number)
Illegal imports in 2015



* Registered samples which were not analysed due to 1) receipt only for storage; 2) destruction without examination; 3) return without examination.

Source: Customs Laboratory

Tanker traffic on the Baltic sea

In spring 2012, customs authorities noticed that a tanker from Poland that carried 12 million litres of petrol had arrived in Finland. The petrol consignment was received in Kotka, Finland as customs goods. The cargo was temporarily unloaded into a customs storage tank in Kotka. When the petrol was unloaded, it was mixed with about half a million litres of petrol additive that originated in Russia. After the petrol was mixed with the additive, it was loaded back on board the tanker. A declaration on re-export to Norway was lodged for the cargo.

It was later established that the petrol consignment from Poland had been loaded on board the tanker from a tax warehouse and declared for export to Norway. The product was purchased by a Finnish company in Poland specialising in fuel trade.

From Kotka, the tanker set sail for Gothenburg, Sweden, and was anchored off the coast there for more than a week. After this, the tanker continued on to Malmö where the entire petrol consignment was unloaded.

In Sweden, the petrol was declared as originating in the EU with a certificate of origin issued in Poland even though the cargo was no longer under Community status and should have been presented to the customs authorities as uncleared goods. Based on a request for assistance from Finland, Swedish Customs subjected the importer in Sweden to a post-clearance audit concerning the cargo.

Based on the audit, the authorities proposed the collection of about 109 million kronas (ca. 11.7 million euros) in VAT, excise duties, customs duties and increased tax in spring 2015.

Diverse customs enforcement

The field of Customs' tasks is versatile, challenging and inspiring. In 2015, customs enforcement personnel faced many new and sometimes surprising situations and tasks, and customs enforcement became increasingly important in maintaining internal security.

Information technology has developed, and there is a lot of background information available for risk assessment within customs enforcement. However, 2015 also proved how important the enforcement work done by customs officers in person in fact is. The events of last year showed that customs officers can handle challenging situations that require quick reactions.

Finnish Customs has established its position as an internal security authority, and has convinced the general public and other authorities of its skills.

Tornio, 2015

For many years now, the unstable situation in the Middle East and in some African countries has forced people to seek a better and safer future. Refugees and asylum seekers have arrived in Central Europe for a long time now.

In previous times, Finland did not have a significant role as a country targeted by tumultuous world events.

This changed in autumn 2015 when great numbers of asylum seekers made their way to Tornio, Finland via Sweden. Authorities had to confront the uncontrolled migration of thousands of refugees with swift action. In September 2015, the Finnish Council of State decided to set up a reception centre in Tornio where all asylum seekers arriving in Finland were directed for registration by the authorities. Customs controls were stepped up on Finland's western land border. Finnish Customs was the first authority responsible for receiving asylum seekers.

At most, 45 customs officers took part in intensified controls. More than half of them were stationed in Tornio from customs offices elsewhere in Finland. The customs officers managed to perform the demanding task of customs enforcement with merit. Through the intensified customs controls, customs officers uncovered aggravated narcotics offences and seized more than 500 kg of snus in addition to controlling the flows of migrants. Visible and efficient customs controls have a pre-emptive effect on customs

crime. The activity in Tornio still continues, and the authorities have managed to gain control of the migration through cooperation.

Paris, November 2015

The wave of terrorist attacks that shocked the whole of Europe started in Paris in November 2015. Finland was also affected by the threat of terrorism. Customs controls of incoming passengers and goods were intensified. The controls focused particularly on postal traffic and suspected consignments of arms and explosives. Efficient customs controls contributed to Finland's internal security for their part.

Radiation controls in November 2015

As the authority responsible for radiation controls, Customs was notified by the Radiation and Nuclear Safety Authority of a malfunction at the Sosnovy Bor nuclear power station in Russia. Customs enforcement officers had to react quickly with enhanced radiation controls during a weekend, although the occurrence at Sosnovy Bor did not have a subsequent effect on the radiation levels in Finland.



Customs controls of mail and freight deliveries — falsified documents under scrutiny

On a daily basis, Helsinki Airport Customs receives mail and fast freight deliveries that contain passports and other documents relating to travel and personal identity. The mobile control team at the airport carries out controls of deliveries to Finland in warehouses and terminals of various operators. When customs officers detect deliveries suspected of containing passports or other identity-related documents, they are taken to document examiners at the Gulf of Finland Coast Guard who check their authenticity.

Deliveries have been found to contain many different kinds of documents, such as passports, school reports, driving licences, refugee documents and other travel and ID documentation. Such deliveries are mainly addressed to asylum seekers in refugee reception centres and to private individuals in Finland.

Various types of documents arrive in Fin-

land through mail and fast freight from Turkey, Iraq and some European countries. In September-December 2015, more than 3 000 deliveries that contained about 10 000 documents arrived in Finland. Of the documents that Customs asked the Coast Guard to examine, 183 turned out to be false or falsified. Investigations into these documents are mainly the responsibility of the Crime Prevention Unit of the Gulf of Finland Coast Guard, and some documents are investigated by the Police.

Customs and the Coast Guard cooperate smoothly, and documents are verified by knowledgeable professionals. A solid basis for control activities has been established through the co-operation of several years, and the results of mutual training are reflected in the high number of uncovered criminal offences.



Finnish Customs and the fight against terrorism

"Customs authorities combat terrorism, not terrorists"

– Customs Counter - Terrorism Project Group, 2005 –

This statement from more than a decade ago at an international expert meeting was a polite way of saying that the responsibility for combating terrorism lies with the police authorities. However, the situation changed with the deeds committed by a Norwegian called Anders Behring Breivik. The main responsibility for combating terrorism has indeed remained with the police authorities, but they need assistance from other authorities in combating both terrorism and terrorists. Breivik's crimes showed that terrorism is not necessarily "imported" from abroad.

News coverage has made the general public aware of the crime prevention work of Finnish Customs, but the role of customs authorities in combating terrorism has hardly been mentioned. People may think that Customs' anti-terrorism operations consist of, say, radiation control or some obscure crime intelligence activities. It is certainly true that radiation control and crime intelligence are central to Customs' combat against terrorism, but it involves other operations as well, such as risk analysis, customs enforcement, economic crime intelligence and PCB cooperation. All customs offices are also involved.

Brief definition of terrorism

There is no universally accepted definition of terrorism. For want of a better definition, the EU framework decision defines terrorist groups and activities so that a terrorist act must be committed or prepared in a Member State and may damage a country or an international organisation. Such terrorist acts must be aimed at destabilising or destroying the fundamental political, economic or social structures of a country or an international organisation (e.g. through murder, kidnapping, extortion, destruction etc., and threatening to commit such acts). A terrorist group is

a structured group of more than two persons acting together to commit terrorist offences.

Rights of customs authorities

Finnish Customs has a considerable role in the prevention of cross-border crime which involves operations against money laundering and terrorism. In the context of combating international terrorism, the task of Finnish Customs is to prevent the use of international goods and capital for terrorist purposes. Furthermore, Customs prevents the use of CBRNE material in international traffic for criminal purposes (**CBRNE** = chemical, biological, radiological and nuclear explosives).

Anti-terrorism operations by Finnish Customs

As it is not possible to define an accurate profile of a terrorist, authorities use certain determined methods in their activities in selecting suspicious persons from passenger flows for customs enforcement measures. In some contexts, this is referred to as "profiling".

Customs authorities work to identify internal security threats in commercial traffic. Such threats may involve, for example, propaganda material or falsified documents relating to terrorism. This type of activity is the responsibility of customs enforcement officers. Customs authorities also profile goods. Goods can be selected for scrutiny through profiling when their country of departure or destination is among territories that endorse terrorism, or when the goods are anomalous to the industrial activity and production in the territory in question.

Finnish Customs also keeps track of both natural and legal persons involved in transports of goods. Customs offices have an important role in this type of activity, as local operators are usually familiar to customs personnel, and information on suspicious activities can be obtained through crime intelligence at an early stage. Therefore, the fact that Customs has had to close down customs offices throughout Finland due to cutbacks is regrettable from

the viewpoint of combating terrorism. Intelligence operations by Customs are connected with all the activities described here in one way or another. The activity closely involves information exchange and cooperation with other authorities and operators.

In Finland, Customs is a member of the state authorities' cooperation group for combating terrorism that has drafted a national anti-terrorism strategy. The executive team for the group consists of key authorities and is led by the Finnish Police Board. Customs has also participated in the official forum for preventing the criminal use of CBRNE material from the beginning of the forum's activity.

The combat against terrorism also entails various licence arrangements. For example, Finnish authorities are working to prevent the spread of weapons of mass destruction through a system of mutual cooperation. Customs takes part in this network of authorities. An example of the work in question is the advisory committee for export control, a cooperation body set up between industry branches and authorities responsible for controls of strategic and dual-use products.

Customs is one of the national authorities in Finland that issue export licences. Other such authorities are the Ministry for Foreign Affairs, the Ministry of the Interior, the defence and traffic ministries, Verifin (University of Helsinki, Department of Chemistry), the Radiation and Nuclear Safety Authority, and the Finnish Security Intelligence Service. In the international context, Finnish Customs cooperates with the International Atomic Energy Agency, Interpol and especially Europol, where Customs has a liaison officer for crime prevention. The cooperation body of customs administrations in Europe is the Customs Counter-Terrorism Working Group, a sub-working group of the Customs Cooperation Working Party and an element of the EU structure.

Conclusion

In the broad sense, the combat against terrorism entails virtually all areas of crime prevention and enforcement. It is widely acknowledged that terrorist groups finance their activities through narcotics trade, the prevention of which is one of the sectors of customs crime prevention.

The purpose of this article is to only briefly describe some of Customs' operations in the fight against terrorism.

Economic crime

Customs investigates cases that involve breaches of the legislation on customs enforcement and tax collection as economic offences. An economic offence means a crime which is committed in connection with legal business activities in order to gain financial benefit. The cases that Customs investigates usually involve tax fraud or aggravated tax fraud as primary offences. Also cases involving counterfeiting, customs clearance offences, environmental offences and accounting offences are investigated as economic crimes.

Customs also classifies crime involving the smuggling of excise products as economic crime. This type of crime usually relates to alcohol and cigarettes. Even when such criminal offences are not committed by exploiting business structures, they are comparable to professional business activity.

Economic crime pertaining to electronic trade and the traffic of internal trade are among the new phenomena adding to the challenges faced by economic crime investigators. The Internet is used to an increasing extent in marketing and sell-

ing highly taxable products to consumers while evading the tax regulations concerning the products.

In 2015, the number of tax frauds investigated by Customs, containing all types of offences, was still high. There were 856 tax frauds, which was 32 cases more than in 2014. Customs uncovered altogether 226 standard tax frauds, which was 76 cases more than in 2014. Aggravated tax frauds dropped by 13 cases in comparison with 2014 (82 cases).

The cases of aggravated tax fraud classified as economic offences and investigated by Customs in 2015 mainly involved the illegal import of cigarettes, alcohol and snus as well as car tax, excise duties, value added tax, anti-dumping duties and customs warehousing.

Uncovered economic offences

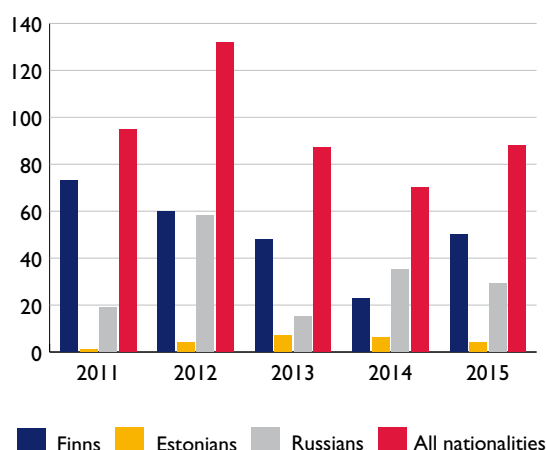
At the end of 2015, the number of open economic crime cases under investigation by Customs rose by twelve cases in comparison with 2014 when there were 105 open cases. The number of open econom-

ic crime cases has dropped by half to about 100 cases from the end of the peak year 2012. In addition, in 2015 Customs registered more new economic crime cases than in 2014. The 180 new economic crime cases registered in 2014 exceeded the 2004–2013 average of 159 new cases.

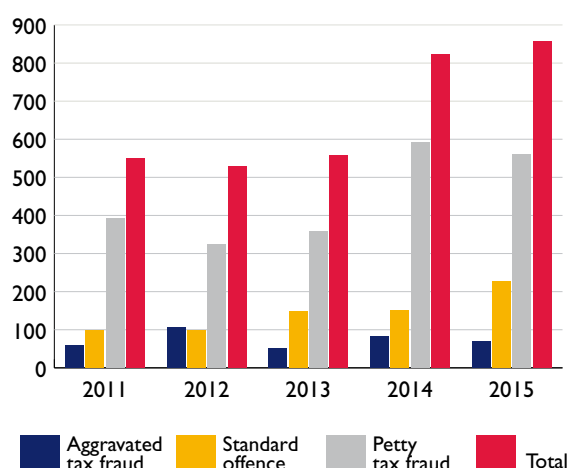
Customs concluded the investigation of altogether 198 economic crime cases in 2015. There were 212 concluded cases in 2014. The average time of investigation of economic crimes increased until 2011, after which the average time of investigation shortened clearly. The average duration of an investigation in 2015 was 230 days, whereas in 2014 the average duration was 270 days.

However, the average time that it took to investigate economic crimes in 2012–2015 was clearly longer than during the first decade of the 2000s. The international networking by criminals, the IT-supported distribution of tasks in criminal ventures, and criminals chopping their activity down to numerous small individual offences are challenges that pose increasing demands on crime intelligence and investigation. This is a fact

Aggravated tax fraud suspects 2011–2015



Tax frauds 2011–2015



that partly explains the longer investigation times in recent years.

The overall time that it took Customs to process economic crimes continued to shorten in 2015. The overall processing time of concluded investigations into economic crimes was almost eight months in all cases. The duration of investigations also shortened in 2015.

Property detained in criminal matters

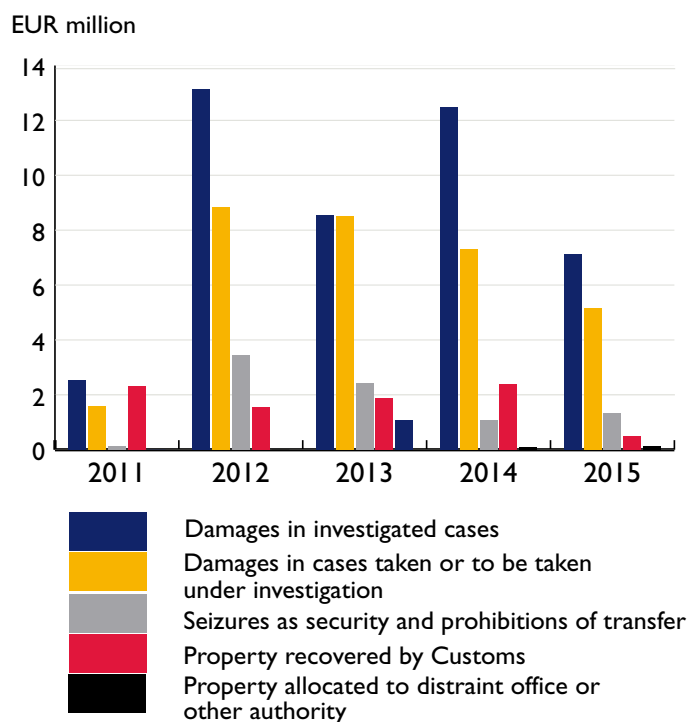
The societal impact of customs crime prevention amounted to 15.94 million euros in 2015. The amount was over 100 million euros lower than in 2014 (126.20 million euros). Most of the amount comprises the value of unseized goods, which decreased from 82.2 million euros to 1.79 million euros.

Recovered proceeds of crime amounted to 10.7 million euros in 2015 (17.5 million euros in 2014). The total amount of evaded taxes in the investigated cases was 3.45 million euros (26.50 million euros in 2014).

The amounts of property detained by Customs vary greatly at the annual level. In 2015, the recorded value of detained property was just over 0.6 million euros, which was about two million euros less than in 2014.

The damages recorded in economic crime investigations by Customs amounted to about seven million euros in 2015. In 2014, the corresponding figure was 12.49 million euros. The annual amounts of recovered proceeds of crime and the shares of recorded damages vary significantly depending on the nature of the criminal cases.

Impact of customs investigation into economic crime
2011–2015



Customs in combat against the shadow economy

Finnish Customs' shadow economy programme (2012–2015) was successful when measured both in euros and in terms of the enhancement of enforcement and of activities aimed against the shadow economy. The project is horizontal and covers multiple sectors of administration both within Finnish Customs and in the context of the international field of authorities.

Finnish Customs implemented the shadow economy prevention programme as planned in 2012–2015. The constituent projects of the programme have been concluded for the most part. The measures and best practices implemented in the projects are still used in daily operations and in periods of enhanced enforcement, taking resources into account.

The emphasis of reporting on Customs' combat against the shadow economy is on its immediately measurable fiscal impact, which comprises proposed tax reassessments, prevented tax losses and recovered proceeds of economic crime. In 2012–2015, the fiscal impact amounted to about 212.82 million euros.

Furthermore, the Enforcement Department of Finnish Customs reports on the progress and impact of the shadow economy action programme. In addition to the immediately measurable fiscal impact, the impact of the action programme comprises calculated effects such as IPR

detentions, as well as tax losses allocated for administrative restraint and prevented abroad. In 2012–2015, the calculated fiscal impact of the programme amounted to about 93.42 million euros.

The effect of the shadow economy prevention measures by Customs in 2015 can be itemised, for example, with the following figures:

- value of tax reassessments resulting from corporate audits and document audits: 64.8 million euros;
- recovered proceeds of economic crime: 0.65 million euros;
- taxes levied through special measures within cooperation between authorities/prevented tax losses: 6.13 million euros;
- share of tax arrears: almost 14.1 million euros, about 0.13 of the total tax levies.

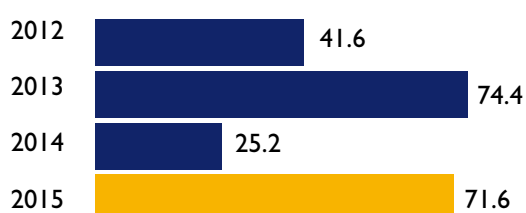
In shadow economy prevention projects, authorities also undertook measures which were aimed at supporting legal business activity and healthy competition, and at securing the accumulation of taxes and payments. Authorities have also developed assessment methods and made estimates of tax deficits as part of Customs' shadow economy prevention programme.

The previous shadow economy prevention programme for 2012–2015

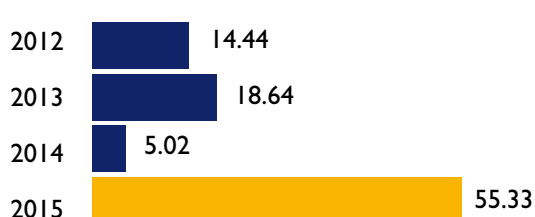
has been concluded. Preparations of the new strategy for the prevention of the shadow economy and economic crime are underway. For the coming years, Customs will also draft its own action plan for the prevention of the shadow economy. The constituent projects of the programme can mainly be divided into legislative development cooperation projects, organisational development projects, and development and targeting of activities.

Preparations of the new strategy for the prevention of the shadow economy and economic crime are underway.

Immediately measurable fiscal impact of shadow economy prevention by Customs (EUR million)



Impact of Customs' action programme for shadow economy prevention (EUR million)



Export offence involving defence materiel — transit of Sukhoi fighter jet components

In May 2015, Helsinki Airport Customs inspected an air freight consignment which arrived in Helsinki from Bangkok and was destined for Moscow in transit. The consignor was indicated as a Malaysian company and a Russian company was given as the consignee. The goods description for the consignment was “Aircraft Parts-5 Units, Normal Good - Send For Repair and Return Back After Repair”.

When customs officers opened the package, they found a packing list entitled “Royal Malaysian Airforce” (sic) with the text “Sukhoi”. The method of packaging and the packing list indicated that the products were possibly spare parts or supplies of a Sukhoi Su-30MKM fighter jet. Such items are included in the list of products that require a transit permit from the Ministry of Defence. The documents that accompanied the consignment did not include any permits.

Customs requested a statement from the Ministry of Defence on the purpose of use of the items and on their suitability for military use. The Ministry was also requested to comment on whether

the products could be classified as defence materiel, and if the transit of the products from Finland to Russia required an export permit in accordance with the Finnish legal act on the export and transit of defence materiel. Customs also requested information on whether the products were under any sanctions against Russia, and if a transit permit had been arranged for the consignment in Finland.

The Ministry of Defence requested an expert statement from the Defence Command. According to the expert statement, the consignment contained items that are used in Sukhoi Su-30 fighter jets. This particular type of aircraft is used solely for military purposes. According to the statement, the products in the consignment fell under category ML10d of the EU Common List of Military Equipment judging by the nature of the goods.

The export and transit of defence materiel is allowed only under an export permit issued by the Finnish Council of State or Ministry of Defence in accordance with the Finnish legal act on the export and transit of defence materiel.

Besides the fact that a transit

permit had not been arranged for the products, they were under sanctions against Russia. These circumstances gave reason to suspect that the case involved an export offence involving defence materiel as provided for by Chapter 46 section 11 of the Penal Code of Finland.

The exporter is responsible for finding out if an export permit is required for certain products. As the Finnish freight transport company did not receive in advance any other documents relating to the consignment, such as a packing list or invoices, the company was not able to foresee based on the provided information that the consignment was subject to a permit.

Based on the proposal of the investigator in charge of the case, the prosecutor ceased the preliminary investigation of the case based on Chapter 3 section 10(2) of the Finnish Criminal Investigations Act. The suspected offence did not involve any other sanctions that would have required the preliminary investigation to be concluded, or any factors that would have required the completion of the preliminary investigation due to vital public or private interest.



Share of car tax cases increasing significantly in criminal investigations by Customs

It is estimated that there are 50 000 passenger cars registered abroad in long-term use in Finland. Most of the passenger cars are registered in Estonia.

According to the estimate, car tax should be paid in Finland for almost every second car that is registered abroad. This means that the amount of taxes lost by the state is significant. Also, people's trust in justice is being tested when, for example, the person living next door is always using a new vehicle registered abroad.

The Finnish Car Tax Act provides that persons living in Finland are not entitled to use a vehicle registered abroad in Finland without paying tax. Persons residing elsewhere are entitled to use a vehicle in Finland only temporarily.

When necessary, Customs will find out the place of residence of a person who uses a vehicle registered abroad as provided for by the Car Tax Act.

Traffic supervision

Due to enhanced operations by authorities in 2015, the number of uncovered cases involving deliberate evasion of car tax in Finland was clearly higher than in previous years. Customs and the Police conducted operations which uncovered a significant number of cases where a person's right to use a vehicle without paying car tax was unclear. Such cases were forwarded to Customs' car taxation experts for examination. In a significant number of cases where a person was not entitled to use a vehicle, a tax contribution was imposed.

Tax contribution means obligatory payment of tax when Customs regards that a person is not entitled to use a vehicle without paying tax. This means that the customer can no longer avoid the payment of car tax. Most tax contribution cases have also resulted in either criminal sanctions or penal taxes. The imposition of a tax contribution on a vehicle is not a sanction as such, as it only means that the user of the vehicle in question is placed in the same position as a person who has acquired a vehicle in Finland and paid the appropriate vehicle taxes there.

The cases where Customs has conducted criminal investigations have involved standard and aggravated tax frauds. In individual cases, the amounts of evaded taxes ranged from 2 000 to 55 000 euros. In suspected cases, car taxes were levied and the cases were forwarded to the prosecutor for consideration of charges and imposition of penal liability. In cases with lower tax amounts, a penal tax was levied in addition the actual car tax.

More car tax cases have been uncovered through enhanced traffic controls. As a result, the number of cases brought under criminal investigation has risen. General compliance with the law will improve as the public at large learns about authorities intervening in the illegal use of untaxed vehicles and about the possibility of penal sanctions.



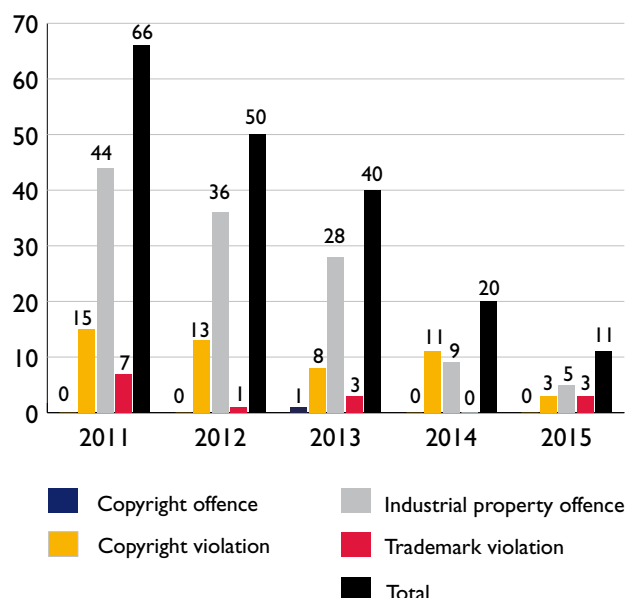
Intellectual property offences

Customs monitors the import of counterfeit products and strives to prevent their entry into the market. Customs enforcement of counterfeit products is done in connection with goods controls, among other situations.

The calculated value of counterfeit products intercepted by Customs as well as their quantities have been declining in recent years. When measured in quantities, major interceptions of goods have decreased distinctly, and the emphasis of interceptions is currently on postal and freight traffic. Correspondingly, the number of intellectual property offences has decreased clearly since 2011.

In 2015, three copyright violations and five industrial property rights offences were investigated. This development has been affected by, for example, the increase in online trade, due to which consignments are small. The corresponding phenomenon has been observed also in other EU Member States.

IPR offences 2011–2015



Counterfeit smartphones at Helsinki Airport

In December 2014, Finnish Customs at Helsinki Airport intercepted a considerable number of suspicious smartphones based on EU regulation 608/2013 concerning counterfeit products.

Customs notified right-holders of the smartphones. The phones were examined by the right-holders who found them to infringe industrial property rights and copyrights. The smartphones arrived in Finland from Hong Kong as air freight and were destined for the EU market. The shipment contained 2 550 smartphones to the value of more than 1.3 million euros.

A lot of counterfeit products of this type have traditionally circulated in the international market. Counterfeit products and their packages are nowadays so well made that it is difficult for the consumer to notice any differences between a counterfeit product and

an authentic item when purchasing a product. The risks involved are significant, as counterfeit products are not covered by any type of guarantee. In the worst cases, electronic products such as counterfeit smartphones can endanger the safety of consumers. Several cases have occurred around the world where, for example, batteries of cell phones or smartphones have failed during charging or phone use. There have been cases of batteries catching fire or exploding.

The smartphones in question were destroyed under customs supervision at a waste disposal facility in February 2015 in accordance with the simplified destruction procedure provided for by the EU regulation on counterfeit products. The right-holders did not file a request for criminal investigation in the case.



Corporate Audit

Corporate Audit ensures the fiscal correctness and uniformity of customs and tax transactions, facilitates and secures foreign trade, and protects society by for example undermining the operational environment of the shadow economy. Audit targets are planned on a yearly basis. Audit areas and topics are prioritised according to the areas of emphasis in corporate audit activities.

In the audits carried out in 2015, corporate auditors encountered misuses and mistakes due to ignorance, negligence and indifference on the part of businesses, but they also saw deliberate and planned deceit. Companies neglected instructions relating to, for example, bookkeeping and maintenance of records, which in cases of recurring negligence mainly resulted in penalty fees.

Suspicion of fraudulent activity or tax evasion always results in a request for investigation to customs investigation authorities. Based on the audits in 2015, altogether 14 investigation requests were made mainly concerning excise duties, car taxation, warehousing, anti-dumping duties and the Åland tax border.

Additional taxes and tax refunds

The proposed taxation measures in audits conducted in 2015 were significant; the total amount of proposed additional taxes was 60.7 million euros, and that of proposed tax refunds was about seven million euros. The figures do not include proposed taxes or tax refunds relating to car tax audits, as only the factual additional taxation and tax refunds are recorded as concerns car taxation.

Car tax reassessments that followed car tax audits in 2015 amounted to about 2.9 million euros, and the amount of tax refunds was about 200 000 euros. More than half of the car tax audits were document inspections which mainly concerned several jointly registered agents or cash customers liable to pay car tax. Controls focused on the car taxation of new and used presentation vehicles.

Based on energy and fuel tax audits, Corporate Audit proposed tax reassessments for a total sum of about 22.2 million euros, and tax refunds of around 6.3 million euros. Tax reassessment proposals were due to, for example, mistakes detected in bi-

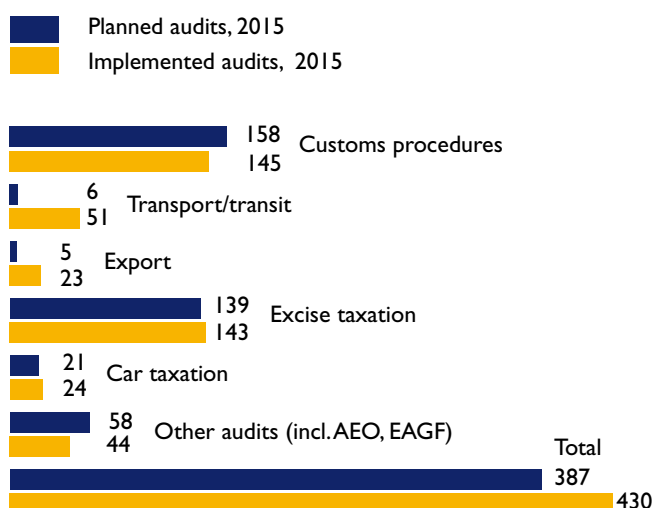
ofuel distribution obligations, in tax refunds to energy-intensive businesses, and in the use of natural gas and methanol.

Deficiencies that resulted in subsequent measures were also observed in cases involving other excise duties. Audits of taxes on alcoholic and non-alcoholic beverages and sweets uncovered inaccuracies in product classification, inventories and tax-exempt deliveries. In audits of taxes on sweets and ice cream, auditors also encountered cases where the obligation to lodge tax declarations was partly or completely neglected. Waste tax audits uncovered illicit activity which was reported for investigation. Back taxes were proposed for a total sum of about 3.9 million euros. Tax refunds were proposed for the sum of approximately 749 000 euros.

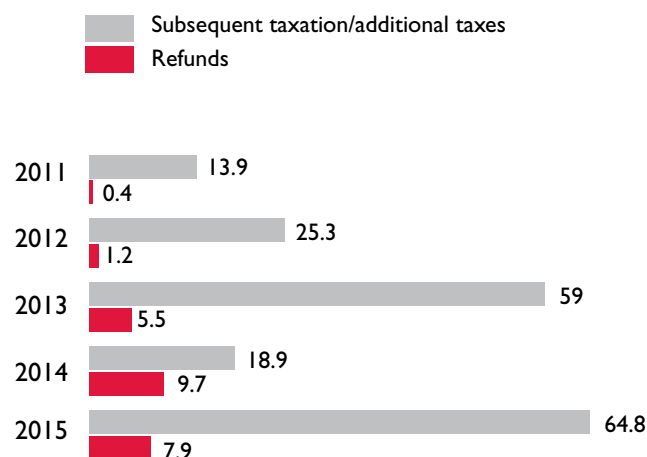
Customs warehouse audits

For several years now, Corporate Audit has conducted systematic audits of customs warehouses for the purpose of ensuring that undeclared

Planned and implemented audits by Corporate Audit according to audit area in 2015



Additional taxes and refunds resulting from corporate audits and document controls 2011–2015 (EUR million)



transit goods remain under customs supervision also during customs warehousing.

The 2015 audit plan covered 20 companies engaged in customs warehousing or temporary warehousing. The fiscal impact of the audits is exceptionally large, as proposed tax reassessments amount to about 31.6 million euros. However, of this amount, 29.5 million euros resulted from a single audit. The audit involved the import clearance of a product subject to excise and customs duties for free circulation and consumption from a customs warehouse. The customs declaration concerning the goods contained an inaccurate commodity code. The customs warehouse keeper and the holder of the goods were considered jointly responsible for the customs debt.

Warehouse audits also uncovered a large number of deficiencies in goods descriptions and records concerning goods. Accurate goods descriptions and sufficient information content in bookkeeping facilitate audits, but are also beneficial to customers. In some cases, Corporate Audit regarded that the activity of a warehouse keeper did not meet the reliability requirements set for licence holders, and requested the Li-

cence Administration of Finnish Customs to reassess the validity criteria of warehouse licences.

About three million euros in additional taxes and about 24 000 euros in tax refunds was proposed in connection with customs procedure audits concerning, for example, commodity codes and anti-dumping duties.

Boats leave no tracks in water

As of 2006, Corporate Audit has audited customs procedures related to the temporary import of leisure boats. It was observed in the audits that the temporary import procedure for leisure boats is used for purposes of deceit, as people use boats in Finland without notifying Customs, thus evading the import duties imposed on leisure boats. In cases of valuable boats, the total amounts of customs duties and value added taxes may well reach several hundred thousand euros.

For a temporary import procedure exempt from customs duties to be applied, it is required that a boat is registered outside the customs territory of the Union, and used by a person based outside the territory. The

principle is the same as for vehicles registered abroad, meaning that a boat cannot be used a person based in the EU without an employment contract. In practice, boats are owned by companies based in tax havens, registered outside the customs territory of the Union, and used by private individuals in the Union.

Customs' boat enforcement officers have done outstanding work in supporting audits by conducting controls and making observations at sea and in ports. Customs officers have joined forces in drafting instructions to leisure boat users and have established an e-mail address where operators can send questions and declarations (etp.boatinfo@tulli.fi). Controls of the temporary import of leisure boats have had a pre-emptive effect on misuses, as people who use leisure boats have become increasingly aware of audits being conducted.

Import controls of leisure boats also involve domestic and international cooperation. The objective of the cooperation is to build a network between the tax and customs authorities of Member States, enabling swift and targeted cooperation and early information exchange concerning risk-prone operators.



Alcohol offences

In 2015, Customs seized a total of 4 471 litres of alcohol, 12 litres of which was neutral spirit. The overall quantity was 2 911 litres smaller than in 2014. The quantity of neutral spirit seizures is equally low in comparison with the previous year. A total of 894 alcohol offences (all types) were uncovered, which is 244 cases less than in 2014. Registered alcohol offences have decreased during the past year.

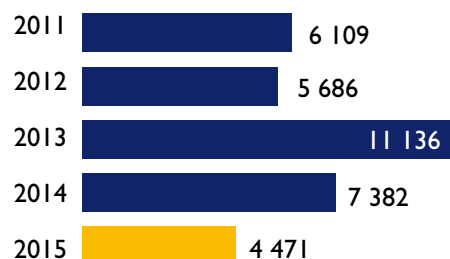
Alcohol is sold to consumers over the Internet, as before. As a result of the import of significant quantities of alcohol for personal use, it

seems that more and more alcohol is being sold illegally in Finland.

As for aggravated alcohol offences, there have been several cases during the past few years of people bringing alcohol from Estonia and Germany to Finland in passenger cars. In these cases, the total quantities of alcohol reached tens of thousands of litres.

In 2015, Customs seized altogether 29 200 litres of alcohol (23 082 litres in 2014).

Alcohol seizures (litres)
2011–2015



Control of passenger imports of alcohol

In 2014, guidelines for alcohol imports were included in the Finnish Act on Excise Duty in order to oblige passengers to present evidence and explanations on their imports. Customs stepped up controls of passenger imports of alcohol when the Act on Excise Duty was amended. Controls of passenger imports of alcohol have been conducted both in the context of daily operations and special enforcement operations mainly in the traffic to and from Estonia. In addition, authorities have launched a joint information campaign launched for increasing awareness of the legislation on passenger imports of alcohol.

In 2015, Customs received an additional funding of 900 000 euros for the enforcement of alcohol. The funds were used in recruiting additional personnel for enforcement and excise taxation. During 2015, Customs placed altogether 509 consignments of alcohol, i.e. 267 089 litres, under consideration of taxes. According to Customs' observations, alcohol is imported in almost all vehicles that arrive in Finland from Estonia. Summertime and the end of the year are the busiest times in terms of passenger imports of alcohol. The latest results of examinations into passenger imports of alcohol, when converted to a content of 100 per cent alcohol, indicate that imports have decreased when compared to previous times.

Control of the online trade of alcohol

Customs has observed that online orders of alcohol have increased significantly in recent years. The online trade in alcohol involves frequent failures in paying generally imposed taxes to Finland. This results in calculated tax losses of up to ten million euros each year. Customs' estimate is based on the follow-up of the quantities and contents of alcohol consignments, and on the determination of average taxes payable for alcohol consignments.

Customs has charted out online alcohol sellers based in different EU countries, as well as their activities. Based on its examinations, Customs has kept contact with companies engaged in the online sale of alcohol to Finland, and helped them align their operations to comply with excise legislation. Within the time limit prescribed for tax reassessment, Customs can impose taxes on distance sellers of alcohol who have sold alcohol to private individuals in Finland without paying the taxes imposed by law.

In late 2015, the EU Court of Justice gave an advance ruling in the case "C 198/14 Visnapuu" at the request of Helsinki Court of Appeals. According to the advance ruling, the EU Court of Justice leaves to the national court the matter of reviewing whether the Finnish retail licence system for alcohol is discriminatory and whether it is genuinely based on public health protection. The advance ruling does not have any immediate effect on Customs' current ways of operation or the valid instructions. If necessary, possible effects can be reassessed when the national court has made its decision.

Cigarettes and snus

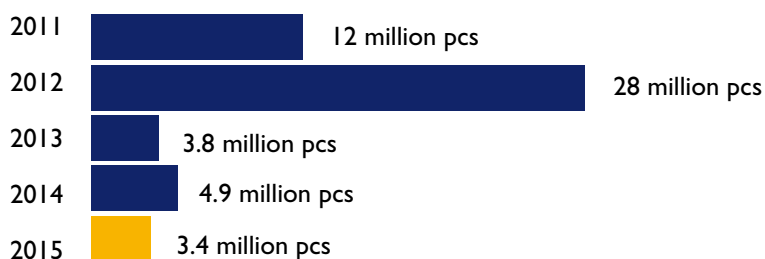
Customs seized about 3.4 million cigarettes in 2015. The quantity was lower than the 2014 amount by 1.5 million cigarettes. The total quantities of seized cigarettes have dropped because cigarettes have not been found in large quantities in containers over the past few years. Most seizures of cigarettes took place on the eastern border.

A large number of cigarette smuggling cases was revealed in passenger car traffic. Usually passenger car caches contain 1–300 cigarette cartons at a time. Cigarettes have been brought to Finland in boot spaces or structures of passenger cars. For example, cigarettes have been found in spare tyres, spare tyre spaces or inside doors and walls of vehicles.

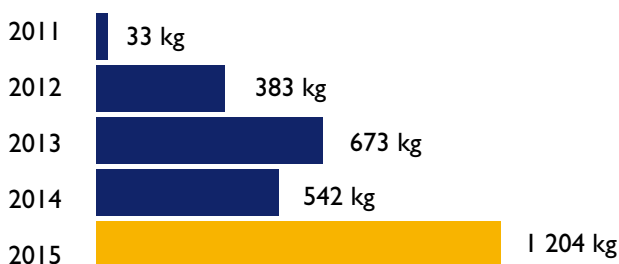
Customs uncovered 590 tobacco product violations in 2015 (711 violations in 2014 and 373 in 2013).

Customs registered 310 cases of snus imports in 2015. The total quantity of snus was 1 204 kg, which is about 24 080 boxes of snus (11 000 boxes in 2014). Snus is still mostly imported from Sweden and Russia. Snus was brought to Finland by car, ship and train.

Cigarettes seized by Customs in criminal matters
2011–2015



Seized snus 2011–2015



Aggravated case of cigarette smuggling on the eastern border

A travel van with three Russian passengers arrived in Finland from Russia through the Imatra border crossing point. The passengers did not declare any goods for customs clearance.

The travel van was inspected by customs officers who found caches in the vehicle containing altogether 57 580 cigarettes. A total amount of 16 270 euros in customs duties, tobacco duties and value added tax should have been paid for the cigarettes in connection with import.

The preliminary investigation by Finnish Customs revealed that the persons in question had smuggled cigarettes from Russia to Finland also on previous occasions. In these instances, they should have paid a total amount of 35 326 euros in customs duties, tobacco duties and value added tax.



Cigarettes smuggled in tourist buses

Altogether 1 741 cigarette cartons were smuggled to Finland by two tour guides in Russian tourist buses during January-August 2015. The amount of evaded import duties and other payments was over 96 000 euros.

The preliminary investigation into the case revealed that altogether 1 207 cigarette cartons were delivered to a man in Lahti, and that a woman in Kotka received 540 cartons. A person living in Lahti distributed more than 600 cartons to two persons in the Lahti and Hollola regions. The rest of

the cartons were received by unknown persons.

Customs officers seized over 150 cartons in connection with apprehending persons and conducting house searches in the case. They also seized cash at house searches, along with a total sum of 56 232 euros from the main suspect's bank account.

A BMW passenger car with a value of 25 000 euros was also seized. The cash and the passenger car were seized as security and placed under recovery proceedings by distraint officers.



Snus from Sweden to Finland via Tornio

Customs officers inspected a van that arrived in Finland via Tornio. The vehicle was registered in Finland and was occupied by two young men. Customs officers found 28 cardboard boxes in the boot of the vehicle. The boxes contained 107 kg of snus. They seized the snus and apprehended both persons on suspicion of aggravated tax fraud and smuggling.

It was established in the preliminary investigation by Customs that the suspects lived in southern Finland and had been on a similar previous trip together for collecting snus. In addition, it was found out that one of the suspects had smuggled illicit quantities of snus from Sweden to Finland on two previous occasions. The two men had smuggled over 140 kg of snus to Finland for resale.

When questioned, they said that they purchased the snus in Haparanda, Sweden, in the imme-

diately vicinity of Sweden's border with Finland. The two men were ordered to pay about 62 000 euros in tobacco duties.

The sale of snus is illegal in the territory of the EU apart from Sweden, but passengers may import 1.5 kg of snus for personal use. Customs has observed that, due to its location,

Haparanda has become the most important place for acquiring snus in Sweden. Correspondingly, the E4 border crossing point in Tornio has become an important route for smuggling snus to the market in Finland.



Narcotics offences and precursors

Customs registered 2 312 narcotics offences in 2015, which was about 100 offences more than in 2014. These included 199 aggravated narcotics offences of which 143 persons were suspected. Of the suspects, 71 were Finns. Altogether 70 suspects were foreign citizens, mostly Gambians, Estonians and Poles. The nationality of two persons is not known.

In 2015, customs authorities seized 1 277 kg of narcotics, a clearly smaller quantity than in 2014 when the seized quantity was 3 488 kg. The drop in the overall quantity is explained by the drastic decrease in the seized quantity of khat which dropped from 3 000 kg in 2014 to about 1 000 kg in 2015.

Narcotics are imported to Finland mainly from the Baltic countries, Western Europe and Russia. Finland is a transit country for smuggling narcotics to Russia and Western Europe. Of the other Nordic countries, narcotics are smuggled especially to Norway through Finland.

Synthetic narcotics

Customs seized 135.9 kg of amphetamine (including methamphetamine). The seized quantity was smaller than in 2014 (187.8 kg). However, the quantity can still be considered high over a comparative period of several years. Almost without exception, the smugglers of amphetamine and methamphetamine were foreign citizens. A matter of note is that a large overall quantity of amphetamine has arrived in Finland in envelopes, for example from Germany.

Designer drugs are still a serious problem, and the range of substances is considerable. Statistical comparison of these substances is difficult, as the term “designer drug” covers substances in three categories; narcotics, substances banned from the consumer market, and unclassified substances. New substances enter and old

ones exit the market continuously. According to statistics from the Customs Laboratory, 28 new substances were detected in 2015. The classification of certain substances as narcotics will not have any effect on their popularity. A good example is alpha-PVP which is smuggled to Finland in large quantities despite it being classified as a narcotic.

Customs seized about 10 000 tablets of ecstasy, a clear decrease from the 60 000 tablets seized in 2014. The quantity is nevertheless still significant in terms of the five-year period of comparison.

Subutex

Customs seized 18 675 Subutex tablets. The number of seized tablets rose slightly in comparison with 2014. Subutex is still a very popular substance among drug users and it is smuggled to Finland in large quantities. Major Subutex consignments very likely intended for the market in Finland have been seized in Finland's neighbouring territories.

In most cases, Subutex tablets have been smuggled from France to Germany and Sweden, and further on to Finland in boat traffic. Smuggling involves hundreds, sometimes even thousands of tablets at a time. Abuse of the substance as an intoxicant is still common and has spread all over the country. There are still significant differences in the street market prices of Subutex tablets in southern and northern Finland. In the Helsinki region, the street market value of Subutex is 30–50 euros per tablet, whereas in northern Finland the price can reach 100–200 euros.

Cannabis

Finnish Customs seized 29 kg of hashish in 2015 (22 kg in 2014). A total of 63.9 kg of marijuana was

seized, clearly less than in 2014 when the quantity was 151.7 kg. Based on seizure statistics and various other sources, marijuana continues to be clearly more popular than hashish.

Cannabis is the most commonly used narcotic in Finland. Home growing of marijuana, nowadays a commonplace trend, has added to increased cannabis use. The availability of cannabis seeds on the Internet has made home growing more and more popular. Uncovered cases of home growing have indicated that the activity is nowadays more professional than in the past.

In 2014, the smuggling of hashish through internal body concealment re-emerged after a few years, and continued to occur in 2015.

In the aggravated narcotics offences that have been investigated, most marijuana smugglers have been persons of West African origin for several years now.

The decrease in the quantity of seized hashish is partly explained by the increase in the popularity of marijuana.

Cocaine

Customs seized altogether 5.86 kg of cocaine in 2015. The quantity is almost the same as in 2014 (5.85 kg). The relatively high overall quantity in both years is due to large individual seizures.

Cocaine seems to have become a common substance on the market in Finland, but is still a fairly marginal narcotic in terms of seized quantities.

Khat

Customs seized 1 038 kg of khat in 2015, which is considerably less than in 2014 when the quantity reached 3 049 kg.

In previous years, khat was smuggled especially from England, where it

was classified as a narcotic in summer 2014. The classification is reflected in smaller numbers of khat seizures also in Finland. Courier and postal consignments of dried khat from regions of production (Ethiopia, Kenya) directly to Finland have become increasingly common. The khat plant loses about 60–70 per cent of its weight when dried, but the active ingredient, cathinone, stays in the plant. It is estimated that 100 grams of dried khat contain as much cathinone as 200 grams of fresh khat, something which explains the significant decrease in the overall quantity of khat.

Precursors

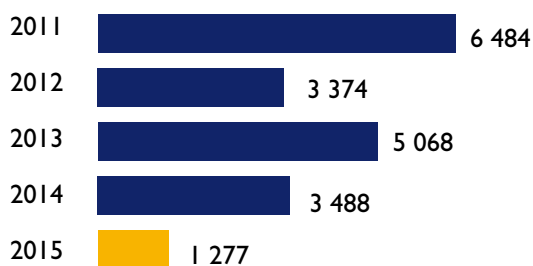
A small precursor quantity is enough for producing considerable amounts of narcotics, which means considerable financial gain to producers of narcotics. The control of precursors is an efficient way of decreasing the supply of narcotics. This has forced narcotics producers to develop new precursors and designer drugs.

Chemical substances needed for

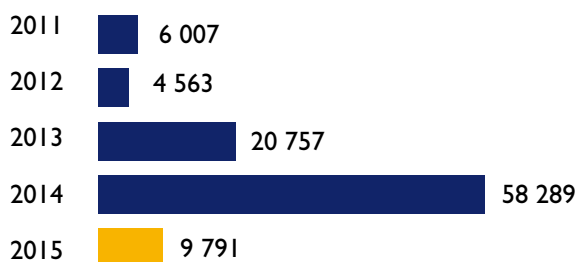
the production of narcotics are used for legal industrial purposes. International supervision by authorities has been successful in preventing the use of chemicals in the production of illegal narcotics.

According to statistics from the Customs Laboratory, Customs seized about 60 litres of gamma-Butyrolactone (GBL) and about 400 tablets and 1.5 kg of powder with ephedrine and pseudoephedrine content.

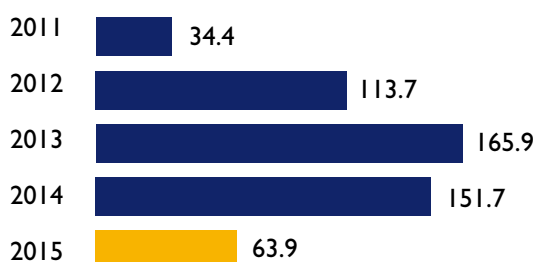
Drug seizures in cases investigated by Customs
2011–2015



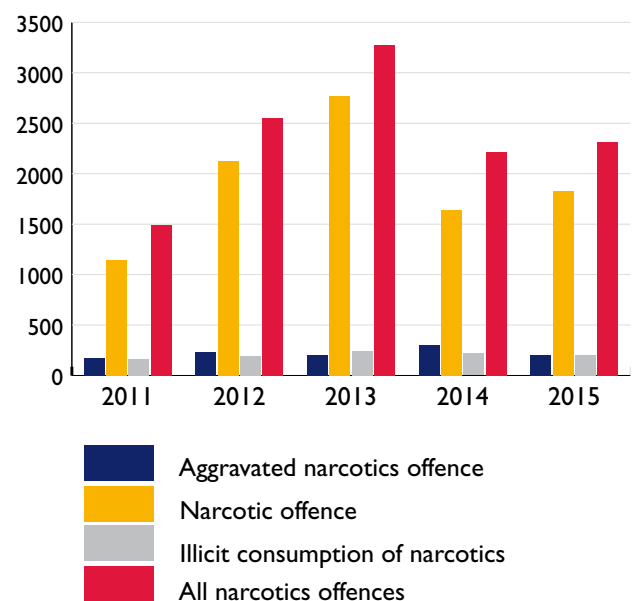
Seized ecstasy (tablets) 2011–2015



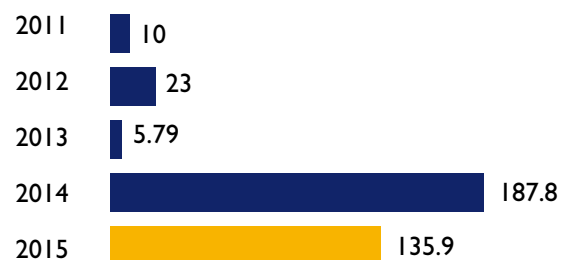
Seized marijuana (kg)
2011–2015



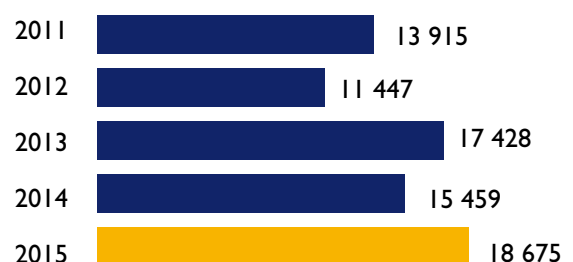
Narcotics-related offences 2011–2015



Seized amphetamine (kg) 2011–2015
(includes methamphetamine)



Tablets containing buprenorphine seized
by Customs 2011–2015



Amphetamine from Sweden to northern Finland

From summer 2014 till early 2015, the Customs Investigation Unit in Tornio and the Lapland Police Department investigated a series of narcotics offences involving the smuggling of amphetamine from Sweden to Kemi, Finland via Tornio. Eight persons were suspects in the case. The smuggling activity was led by a 60-year old man from Kemi with several previous convictions for aggravated narcotics offences.

The joint investigation by Customs and the Police revealed that amphetamine had been imported from Sweden on at least three occasions; in August, September and October 2014. The amphetamine consignments were brought to Finland by a 50-year old man born in Yugoslavia. The man arrived in Tornio, Finland from Haparanda, Sweden by foot. The amphetamine was received in Tornio by the main suspect and his 50-year old male accomplice who was also from Kemi. The accomplice took care of negotiations, received the substances, and saw to payments and transports. When the amphetamine was imported, its content exceeded 30 per cent, and it was distributed in a diluted form in northern Finland.

In October 2014, an unknown smuggler handed over amphetamine to the main suspect and his accomplice in the centre of Tornio. After the smuggler and the two men had met, the Kemi-based men were stopped by a police patrol, at which time the accomplice escaped. The men were caught, arrested and detained. The police inspected the men and seized a total of 305 grams of amphetamine. The smuggler left Finland before the police could apprehend him.

When the authorities conducted searches at the secondary residence of the main suspect, they found altogether 730 grams of amphetamine in three caches in the nearby terrain. The authorities also seized 800 euros

in cash and a pistol. The total quantity of amphetamine seized in the case exceeded 1.3 kilograms. Some of the seized amphetamine had a content that could still have been diluted.

The identity of the smuggler who avoided apprehension was established in December 2014, and the prosecutor assigned to the case issued a European arrest warrant on him. The Finnish police authorities received excellent assistance from their Swedish colleagues and managed to apprehend the smuggler who was questioned as a suspect in Stockholm in January 2015. The man was handed over to the Finnish authorities based on the European arrest warrant in January 2015. In the preliminary investigation and court proceedings of the case, the man admitted having smuggled and distributed the amphetamine seized in Tornio in October 2014.

When questioned, the main suspect admitted that the terrain caches found at his secondary residence were his. During the investigation, amphetamine quantities of some dozens of grams were seized from persons who bought narcotics from the main suspect. The authorities also seized a further amphetamine quantity of about 130 grams which the main suspect and his accomplice concealed in the terrain in haste as they thought police officers were about to inspect them for drugs.

The Kemi-Tornio District Court processed the case in February 2015. The main suspect, his accomplice and the smuggler received sentences for aggravated narcotics offences. Five other persons were convicted of standard narcotics offences. The decision by the District Court became legally valid when the main suspect withdrew his appeal to the Court of Appeals just before the start of the court proceedings.



Designer drugs from Internet stores

In 2015, Customs and the Police concluded a joint preliminary investigation into an extensive case of designer drug smuggling from China to Finland via Spain. The set of offences involved more than 50 suspects. All the suspects were Finns. Six Finnish citizens who live in Spain are the suspected main perpetrators.

The preliminary investigation of the case revealed that the organisation smuggled over 16 kg of drugs to Finland. The quantity consisted mainly of MDPV and alpha-PVP. The drugs in question are amphetamine-derived designer drugs and classified as highly dangerous.

The criminal organisation sought significant financial gain through the activity. The purchase price of the drugs when ordered from a Chinese online store was around 2 000 euros per kilo, but in Finland the street value of the drugs would have reached 150 000–200 000 euros per kilo. Something of note is that the high street value of designer drug doses is affected by their small size in comparison with regular amphetamine doses.

The preliminary investigation revealed that the orders for narcotics were made from Finland to the main suspects in Spain. From Spain, the criminal organisation forwarded the orders mainly by e-mail to China where the drug production laboratories were located. From China, the drugs arrived mainly by mail to the Malaga region in Spain. The names of the recipients were either invented or incorrect.

It is suspected that Finns based in Spain re-packaged the drugs there and forwarded them to Finland as postal packages, through transport companies and couriers.

Customs caught one of the couriers who was smuggling drugs. Alpha-PVP was found concealed inside beverage cans in the courier's vehicle.

The National Bureau of Investigation, Finnish Customs and the Spanish police authorities conducted a joint raid in Fuengirola in January 2015. Most of the suspects were apprehended in the raid.

The raid included house

searches where the authorities seized, among other items, one kilogram of alpha-PVP, scales, packaging materials and a list detailing drug debts amounting up to 140 000 euros. The investigation also revealed that the recipients of the narcotics in Finland had transferred over 100 000 euros to the bank accounts of the main suspects in Spain. The funds were meant for obtaining narcotics.



Narcotics from the Netherlands

During the summer and early autumn of 2012, several persons residing in the Netherlands who attempted to smuggle marijuana and amphetamine to Finland were apprehended by customs officers in the Port of Turku. A common feature of these cases was the method of smuggling; the narcotics were meticulously placed in air-tight packages that were hidden inside suitcase structures.

As Customs investigated the cases, it came to light that they formed a single, extensive series of offences. Customs investigators also found out that, prior to being apprehended, the couriers had succeeded in making several smuggling trips from the Netherlands to Finland.

When questioned, the couriers talked about a Nigerian man active in the Netherlands who had recruited them to participate in the criminal activity. Circumstances were very similar with each courier; they had decided to become involved in smuggling narcotics due to unemployment and financial difficulties. The couriers were promised a fee of one thousand euros for each smuggling trip, which they saw as an easy way of improving their financial situations despite the risks involved.

As the preliminary investigation progressed, the activity of the criminal organisation was exposed. The Nigerian man who was active in the Netherlands recruited couriers, gave them suitcases that contained narcotics, and instructed couriers for their trips. His female friend who lived in Finland booked air tickets for the couriers, collected the money obtained through the sale of narcotics, and organised money transfers from Finland to the Netherlands. Cash was also transported from Finland by couriers who returned home from their trips.

The narcotics were received and distributed in Finland by Nigeri-

an men living in the Helsinki region. The couriers who arrived in Finland occasionally stayed overnight in the homes of the Nigerians who received narcotics. Once a courier met with a recipient, the imported drug consignment was immediately unloaded from the suitcase and delivered to the sellers by the recipient.

Customs officers seized 8 kg of marijuana and 4.5 kg of amphetamine from the apprehended couriers. The preliminary investigation into the matter also revealed that the couriers had managed to smuggle at least 8.6 kg of marijuana to Finland prior to being caught.

The street market value of the seized narcotics would have been around 300 000 euros. The street value of the marijuana that was distributed was about 170 000 euros.

The preliminary investigation also revealed that the smuggling organisation accounted 88 000–124 000 euros in drug sales revenues from Finland to the Netherlands during its activity.

Altogether 14 persons were detained or arrested during the preliminary investigation. As for the persons who took part in the smuggling, receipt and distribution

of narcotics, and in transfers of money from Finland to the Netherlands, the matter was processed by Finland Proper District Court in 2012–2013.

The penalties of the persons found guilty of importing narcotics ranged from suspended sentences of one year to unconditional prison sentences of three years. The penalties of the persons complicit in the receipt and distribution of narcotics and in transferring the sales revenues from Finland to the Netherlands ranged from fines to unconditional prison sentences of two years.

The Netherlands-based Nigerian man who was the main perpetrator in the case was detained in absentia by Finland Proper District Court in early 2013 and a European arrest warrant was issued on him. The man was caught in Finland in summer 2014. It was established that the man was hiding in Nigeria prior to being caught, and that he travelled in the EU with a fake passport. The preliminary investigation concerning the suspected main perpetrator was concluded in late 2015. The case was processed by Finland Proper District Court during early 2016.



Medicines classified as narcotics

In 2015, Customs seized altogether 36 921 tablets of narcotic medicines. For the past three years, the seized quantities have been of almost equal size. Half of the narcotic medicines seized in 2015 were buprenorphine products (Subutex). The share of these products increased by about 20 per cent in comparison with 2014.

In addition to Subutex, benzodiazepines were the most popular narcotic medicines brought to Finland. The products most frequently smuggled to Finland comprised diazepam, alprazolam, clonazepam, lorazepam and zolpidem. Of other narcotic medicines, codeine and fentanyl can be mentioned. Medicines classified as narcotic substances have several trade names.

Seized narcotic medicines
2011–2015

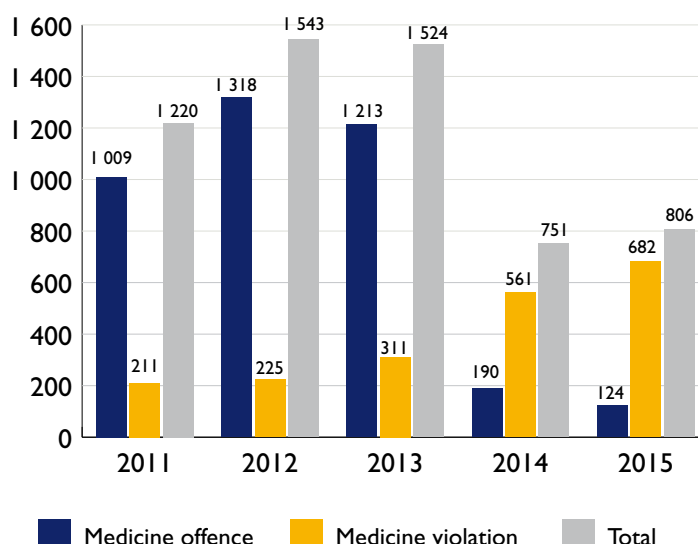


Medicines

The total number of all medicine offences rose by seven per cent in 2015 when compared to the number of the previous year. Many cases were processed as medicine violations. The share of medicine violations increased clearly. Cases processed as medicine violations usually result in forfeiture, but not seizure. Correspondingly, the number of basic medicine offences dropped by several dozen cases compared to 2014.

Customs seized a considerably higher quantity of medicines in 2015 than in 2014. Almost 20 000 more tablets were seized, and the share of liquid medicines increased by about 60 litres. However, the quantity of goods measured in kilograms dropped by about 40 kg. It should be noted that abrupt changes in statistics are often due to an individual seizure or several large seizures, which makes it impossible to talk about a trend based on changes of just one year.

Medicine offences 2011–2015



Internet purchases of medicines are commonplace among consumers. Most of the detained and seized medicine consignments were ordered on the Internet. Websites usually give a very professional and reliable image of their sales activity. However, certain websites are not to be confused with legal and supervised online pharmacies.

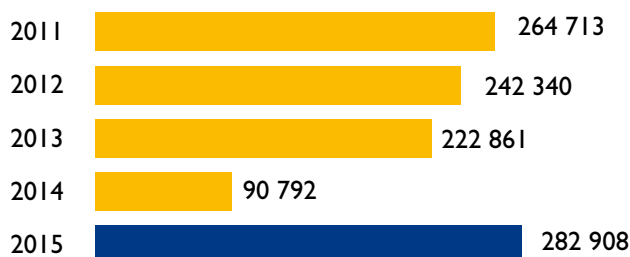
A health problem that poses a threat to society is that products ordered through unsupervised websites may lack the alleged active ingredient altogether, and may even contain lethal compounds. Nowadays, in addition to doping and male enhancement products, people order products meant for the treatment of illnesses, such as antidepressants and medicines for cancer, blood pressure and allergies. The unsupervised use of such substances may prove to be fatal. The afford-

ability and availability of products make it tempting for people to purchase substances on the Internet despite the great risks involved.

Male enhancement drugs were still among the most popular illegally imported medicines in 2015. The most frequently ordered products also included melatonin, antibiotics, painkillers and hair loss treatment products.



Seized medicines (tablets)
2011–2015



Kamagra disguised as dog food

In July 2015, customs enforcement officers at Helsinki Airport detected a consignment in the cargo terminal declared as containing dog food. The consignment was found to contain 341 kg of Kamagra male enhancement pills. The consignment was placed under transit to Russia via Nuijamaa. A Russian man drove to Vantaa to collect the consignment and to take it to Russia.

He drove towards the Finland-Russia border, but stopped at a gardening shop in Porvoo on the way to collect sacks of stones. After this, he made one more stop at a tyre shop near Vaalimaa, where he worked on the cargo space of his vehicle, and then continued towards Nuijamaa. When he arrived at the border, customs officers inspected his vehicle, but did not find the Kamagra pills that had been placed under transit. Customs officers conducted a search at the tyre shop

and found the Kamagra pills inside a storage facility in the shop. The pills were packed on the same pallet that the Russian man had collected from the warehouse in Vantaa. The investigation into the matter revealed that the medicines originated in Dubai.

The value of the consignment was calculated as about 33 000 euros, but the estimated retail value would have reached almost 1 700 000 euros. The sum is based on retail prices obtained from the Yliopiston apteekki pharmacy.

The case was processed by Kymenlaakso District Court in October 2015. The defendant was charged with aggravated tax fraud, tax fraud and smuggling. The defendant was given a suspended sentence of one year and two months, and the Kamagra pills were forfeited to the state. The defendant has appealed the verdict.



Doping substances

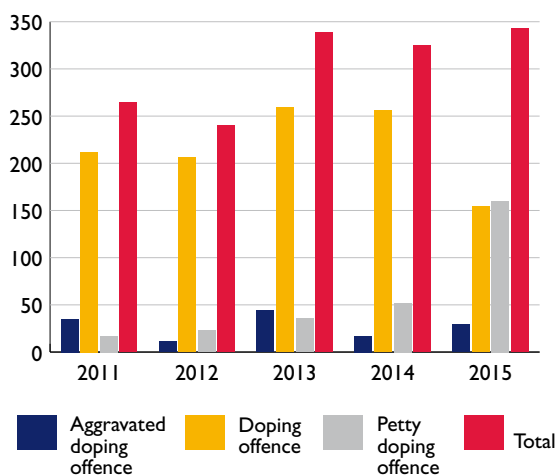
In 2015, Customs registered altogether 343 doping offences. The share of aggravated doping offences increased clearly, but also the share of petty doping offences rose considerably. Standard doping offences decreased significantly. Seized doping substances amounted to 110 442 tablets/ampoules (87 491 tablets/ampoules in 2014).

Anabolic steroids comprised almost half of the seized doping substances. Another major substance category was testosterone and its derivatives. In addition to other doping substances, a small quantity of various growth hormones was imported to Finland.

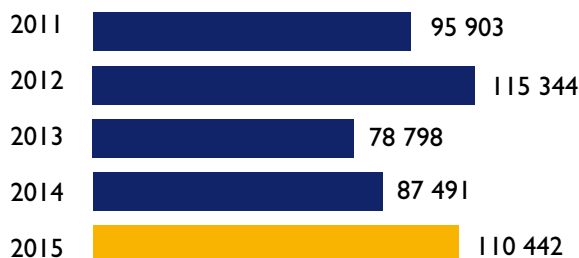
Altogether 80 per cent of smuggled doping substances were detected in postal consignments. About ten per cent of the doping substances were seized in boat and air traffic. The rest of the doping substances were seized in house searches and in connection with investigations into other criminal matters.

Almost half of the postal consignments arrived from Slovakia, which is due to the ease of obtaining doping substances in Slovakia and to substance distribution channels having formed there over the years. Just over ten per cent of the postal consignments that contained doping substances arrived from Poland. Other notable countries of origin were the United Kingdom, Greece, Thailand, Estonia and Romania.

Doping offences 2011–2015



Seized doping substances (tablets/ampoules) 2011–2015

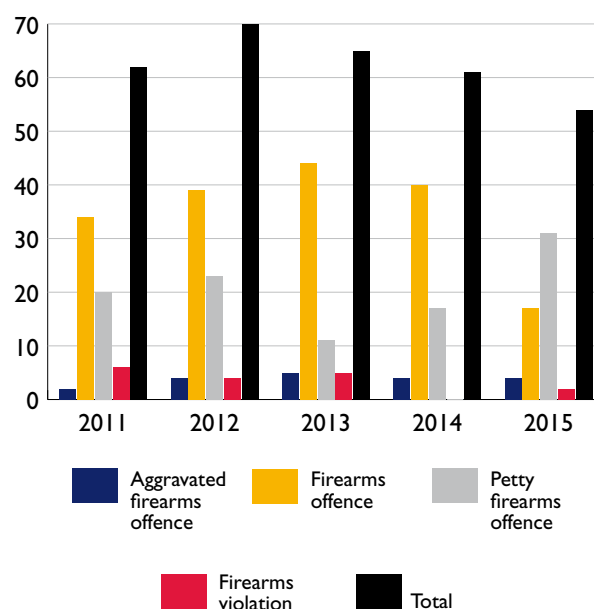


Firearms offences and dangerous objects

Customs registered altogether 54 firearms offences, of which 31 were petty offences and two were violations. Altogether 17 cases were considered standard firearms offences and four were considered aggravated firearms offences. The number of firearms offences decreased in comparison with previous years. A total of 23 firearms and 264 gas weapons were seized in 2015 (53 firearms and 256 gas weapons in 2014). Gas weapons are brought in by passengers in cars or sent by post from abroad. Firearms are often found in house searches.

Deactivated weapons are imported to Finland for example for gun collectors. In some cases, firearms have not been deactivated in other countries to the extent prescribed by the Finnish weapons legislation, which means that they are still classified as firearms subject to licence. The weapons have to be deactivated again so that they can be handed over to the importer. In 2015, there were 121 violations of regulations concerning dangerous objects (100 violations in 2014). Customs took possession of altogether 144 dangerous objects from private passengers or from postal consignments addressed to private individuals in 2015 (179 objects in 2014). These objects included tasers, spring batons, switchblades, stilettos, swords, shurikens and knuckledusters.

Firearms offences 2011–2015



Antique weapons

One firearms offence involved a person who declared a consignment from the United States in Finland for placing it under a customs procedure and tried to clear it through Customs. The consignment contained ten antique weapons. Five of the antique handguns were manufactured after 1890, and would have required licences for acquisition and possession prior to import. Four of the handguns were manufactured before 1890, and would have required a private import licence.

The person in question wanted to clear the weapons through Customs to Finland and then export them to Russia. Private import of firearms to Russia is also subject to licence. The competent authority that issues licences in Finland is the Firearms Administration of the Police Board.

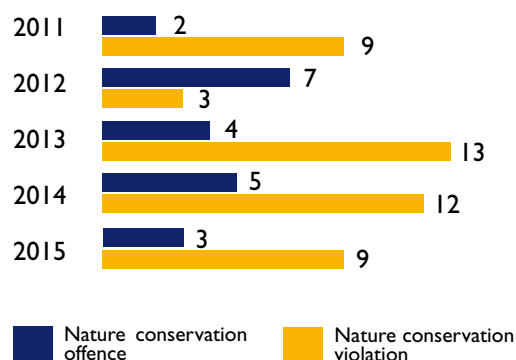


Environmental and nature conservation offences

In 2015, Customs investigated 12 cases of import where CITES regulations were breached (11 cases in 2014). Of these cases, nine were registered as nature conservation violations, two as nature conservation offences, and one as smuggling. In addition, Customs uncovered one case in connection with an investigation into another matter. All nature conservation offences and violations are not CITES cases.

Most nature conservation offences and violations involved goods purchased on the Internet and delivered by mail, as well as goods brought to Finland by travellers.

Nature conservation offences and violations detected by Customs 2011–2015



Pieces of hardwood turned out to be CITES products

A postal consignment from Canada contained pieces of hardwood meant for the manufacture of knife handles. Customs authorities suspected that the items were subject to nature conservation regulations. According to the statement in the matter by the Finnish Environment Institute, the pieces of wood were of the species *Dalbergia retusa* which is covered by the CITES Convention. Bringing species listed in Annex B of the Convention to EU territory requires a CITES import permit and a CITES export permit issued in the country of export. Such permits had not been granted for the consignment, which meant that the prerequisites for import were not met and the permits could not be granted retrospectively.



Red-eared slider turtles in Oulu

At Oulu Airport, customs officers inspected a suitcase carried by a passenger who arrived in Finland from China, and found seven live turtles inside.

According to the Finnish Environment Institute, some of the turtles were red-eared sliders, and some were of the *Mauremys reevesii* species. The CITES Convention prohibits the import of live red-eared sliders to EU territory. A CITES import permit and a CITES export permit to be presented upon import are required for bringing *Mauremys reevesii* turtles to EU territory.

Traffic offences

In 2015, Customs registered 1 513 traffic offences, which marked a notable increase from 2014 when there were 934 registered traffic offences. An individual case may involve several traffic violations or offences. Altogether 658 traffic offences involved endangerment of traffic, and 855 cases comprised traffic violations. Traffic offences and violations involve, for example, vehicles of poor condition, the partial or complete failure to secure cargos with straps, or exceeding the maximum length, width, height or total mass of articulated vehicles.

There were altogether 97 offences involving the transport of dangerous substances (56 offences in 2014). Of these offences, 94 cases were violations (52 violations in 2014).

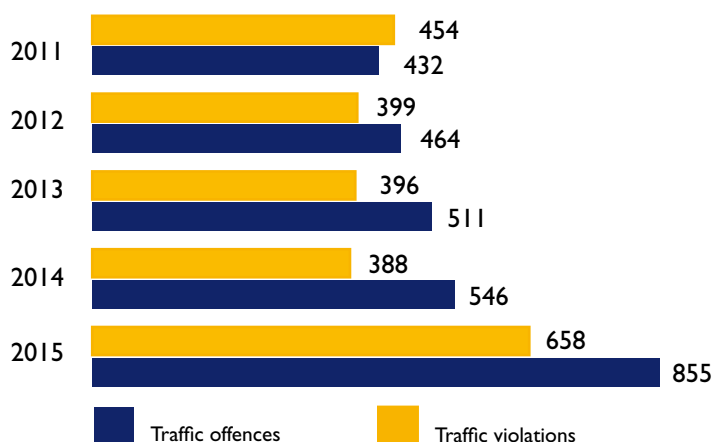
Customs registered 358 detector equipment violations (808 cases in 2014). Radar detectors were mainly found in vehicles of Russian citizens.

There were 120 cases of violations of the social legislation relating to road transport (105 cases in 2014). These cases involved violations of tachograph regulations by drivers.

There were 41 registered water

traffic violations, which was 20 cases less than in 2014. The cases mainly involved the use of inadequately equipped watercraft, or speeding which resulted in petty fines or summary penal orders.

Traffic offences and violations 2011–2015



Impairment of the environment and an offence involving transport of dangerous substances

An articulated vehicle that was leaving Finland for Lithuania via Helsinki had a trailer full of used batteries. The cargo was secured with straps, but the driver did not have an ADR licence and the vehicle did not have an ADR marking. The vehicle contained altogether 1 026 used batteries. The total combined weight of the batteries was 20 130 kg. The cargo also contained 3 060 kg of aluminium and other scrap. The cargo stayed in Finland and its owners handed it over to a scrap yard.



Cabotage transports — stepping up goods traffic controls

As part of controls of goods traffic and other customs controls, Customs investigates a significant number of cases related to authorisations in goods traffic each year. Offences that Customs takes under criminal investigation are often labelled as cases of illegal practice of goods traffic. A major percentage of such cases involves cabotage traffic. In cabotage traffic, a foreign transport unit is allowed to legally carry out a certain number of internal transports in Finland during an individual freight transport trip. The numbers of transports are based on international agreements.

The majority of illegal cabotage cases involves transport companies registered and active in Estonia. The vehicles used in the transports are most often registered in Estonia as well. Individual cases also involve companies registered elsewhere in Europe and in Russia.

A typical case involves, for example, transports of piece goods that are organised for a transport unit after a legal freight delivery to Finland. The number of transports then exceeds the allowed limit. If a transport unit has arrived in Finland as empty, it cannot be used for cabotage transports at all. Disregard for this rule is also a typical characteristic of illegal cabotage transports. Arrangements of cabotage transports are most often handled by parties outside Finland with customers based in Finland.

One reason for cabotage transports and especially illegal cabotage transports is money. Cabotage transports can be more affordable than transports by Finnish companies. This is due to country-specific wage costs, taxation policies of companies, and the social legisla-

tion and regulations affecting transport personnel. Transport companies that do not comply with laws and regulations both in Finland and abroad can most likely offer transport services at more affordable prices than legally operating companies. Illegal or partly illegal transports make up a significant element of the shadow economy.

The latest practice in the investigation into illicit goods traffic and especially illegal cabotage transports is close cooperation with Regional State Administrative Agencies. In cases of this type, Customs shares relevant information with the Agencies. Information to be reported concerns Finnish purchasers of illegal transport services, i.e. companies operating in Finland and their internal goods deliveries in Finland. Over the course of the cooperation with the Agencies, Customs has observed significant defects in the activities of Finnish transport purchasers.

When ordering transport services for goods, Finnish transport purchasers are obliged to check the details related to the activities of both domestic and foreign transport companies (the Finnish Act on the Contractor's Obligations and Liability when Work is Contracted Out, section 5 and the Finnish Act on Commercial Transports of Goods by Road, section 5a). These checks provided for by law involve, for example, the implementation of transport legislation. In other words, the checks are done to ensure equality between all domestic and foreign companies engaged in transports.

If a Regional State Administrative Agency observes any defects in the operations of a Finnish trans-

port purchaser, it can impose an administrative fee of possibly several thousands of euros. The fee can be considerably high when the transport purchaser neglects the obligation to provide information on the activity of the transport company.

In this context, it can be concluded that Customs/the Regional State Administrative Agencies are focusing their measures on the wrong target, as Finnish transport purchasers are sanctioned instead of foreign transport companies. However, in these uncovered cases it is very likely that a Finnish company that has ordered a transport has tried to minimise the costs, and has neglected to check the nature and legality of the operations of the foreign transport company.

As a result, the Finnish transport purchaser is sanctioned for not checking the legality of the transport company as the orderer. Most Finnish transport companies have sought to accordingly organise these matters which most often concern social legislation. Naturally, companies that conduct illegal goods traffic are also held accountable for their actions in these cases.

This new form of cooperation between Customs and the Regional State Administrative Agencies helps to improve the situation of legal transport operators in Finland and elsewhere in Europe in the highly competitive transport business. In addition, Finnish transport purchasers must pay attention to the legality of transports they purchase at an early stage, which helps in eradicating distorted practices. This type of cooperation is very important in preventing crime in the transport business, an element of the shadow economy.

International operations

In 2015, Customs conducted 20 domestic and international enforcement operations. Most of the operations focused on uncovering narcotics and precursors, and on cigarette smuggling. In addition, Customs arranged operations focusing on weapons and their components, controls of cash, and on excise duties. In 2015, authorities conducted Pangea VIII, an extensive international operation that focused on illegal medicinal substances.

Operation Pangea VIII was a world-wide enforcement operation that focused on illegal medicinal substances sold on the Internet. Parties that participated in organising the operation included the World Customs Organisation, EUROPOL, the Permanent Forum on International Pharmaceutical Crime (PFIPC), the U.S. Food and Drug Administration (FDA), the U.S. Immigration and Customs Enforcement (ICE) and the UK Medicines and Healthcare products Regulatory Agency (MHRA). The objective of the operation was to uncover new smuggling routes and modi operandi of criminals, and to find out what countries illegal medicine consignments originated from.

Altogether 236 organisations in 115 countries took part in Pangea VIII. Of the participating countries, 69 countries reported the results achieved through the operation. In controls conducted during the operation, authorities took possession of and seized a total of 50 852 consignments that contained illegal medicinal substances. The consignments contained 23.5 million units of counterfeit or otherwise illegal medicinal substances. The total estimated value of the

discovered substances was 75 322 485 USD. In addition to these measures, the authorities closed down a total of 2 700 websites where illegal medicinal substances were sold. In Finland, the operation was carried out at Helsinki Airport. The operational measures conducted in Finland resulted in the seizure of 57 consignments that contained 2 459 medicine units with a total value of 9 836 USD.

Pangea operations focusing on illegal medicinal substances have been conducted also in previous years, and they have produced good results. In the Pangea VII operation that was conducted in 2014, authorities took possession of and seized 9 695 815 units of medicinal substances. In this light, the results achieved in 2015 can be regarded as significant.

In controls conducted during the Pangea VIII operation, authorities took possession of and seized a total of 50 852 consignments that contained 23.5 million units of counterfeit or otherwise illegal medicinal substances.



Meeting of EU prosecution and customs authorities in Rovaniemi in December 2015 (CCU meeting)

Central Coordinating Units (CCUs) are designated on the basis of the Naples II Convention and are responsible for information exchange and legal assistance measures in their respective countries in accordance with the Convention. The action plan of the Customs Cooperation Working Party (CCWP) includes a mandate for enhanced information exchange between central coordinating units and for improved practical measures in legal assistance matters. The activity is led by the CCU coordination team which was chaired by Finland in 2015.

The annual meeting of CCU heads was held in Rovaniemi in December 2015. This was the eighth CCU meeting. Each EU country received an invitation for two representatives, one of whom was to be a customs offi-

cial and the other a judicial authority (prosecutor). The meeting was attended by 55 representatives from 24 EU countries. Prosecutors from seven different countries attended the meeting in addition to customs representatives. Representatives from OLAF and Europol were also present. The meeting was chaired by Esko Hirvonen who is the head of the Legal and International Affairs Unit at the Enforcement Department of Finnish Customs. The meeting was opened by director Sami Rakshit.

The meeting focused on upcoming reforms, such as the founding of the European Public Prosecutor's Office (EPPO) that will support the investigation of crimes affecting the economic interests of the European Union, and the effects of the European In-

vestigation Order (EIO) on the information exchange and law enforcement cooperation between customs administrations. A presentation on these topics was given by Katariina Jahkola who represented the Finnish Ministry of Justice. The meeting also included a report on the previous CCU meeting held in Italy, and a presentation by the OLAF representative on amendments to Council Regulation (EC) No 515/97.

Three working groups were formed at the meeting for discussing current issues related to the implementation of the Naples II Convention. At the end of the meeting, the leaders of the working groups reported the results of the discussions on which the conclusions of the meeting were based.



Finnish Customs uncovers an attempted smuggling of over 100 kg of amphetamine and 9 kg of cocaine in Vaasa – street value more than nine million euros

In early November 2015 at the Port of Vaasa, Customs uncovered an extensive smuggling attempt involving narcotics classified as extremely dangerous. A truck that arrived in Vaasa on a ferry was inspected by customs officers who found it to contain 104 kg of amphetamine and 3 kg of cocaine. The case is being investigated as an aggravated narcotics offence. Two foreign men are suspected of the offence.

The truck that was carrying the narcotics arrived in Finland from Central Europe via Sweden. When the truck was inspected in the Port of Vaasa, customs officers found a cache underneath the floor panels of the truck trailer, containing 104 kg of amphetamine and 3 kg of cocaine. The street value of the amphetamine would have amounted to 8 million euros, and the cocaine would have been worth 1.2 million euros.

More than 1.3 million doses

The amphetamine seized by Customs was of very consistent quality. Its content was 49 per cent, which is considerably higher than the contents of doses sold to drug users. In the street market, the seized amphetamine would have corresponded to a narcotics consignment of over 265 kg, from which more than 1.3 million doses could have been extracted.

The seized cocaine was also very pure. Its content was more than 89 per cent. In the street market, the seized cocaine would have corresponded to a narcotics consignment of over 10 kg, from which more than 34 000 doses could have been extracted.

Customs has cooperated with the Police and with foreign authorities in the preliminary investigation into the attempted smuggling of narcotics uncovered in Vaasa. The preliminary investigation is about to be concluded, and the case will be transferred to the Prosecutor's Office of Ostrobothnia for consideration of charges.



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