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CRIME CENTRE**

Reducing crime through partnership and prevention

Lighting Up:

How Tobacco Track and Trace Could
Help Illuminate Stolen Goods Markets
and Other Serious Crimes



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Foreword



Not only does the illicit trade in smuggled, counterfeit, and stolen tobacco present serious health concerns for consumers, it threatens law-abiding businesses, robs the public purse of billions of pounds, and finances the activities of organised criminal gangs. For the first time, in this report Professor Emmeline Taylor documents the severity of tobacco theft, how it manifests, and outlines its far-reaching consequences. Importantly, while the report highlights the problem, it also presents a key part of the solution.

Tobacco Track and Trace technology will be a game changer for the police and other law enforcement agencies if its accessibility and usage is extended. It will save time in investigations, provide crucial evidence for complex and serious criminal cases, and disrupt established stolen goods markets. As with all sophisticated new technologies it can sometimes take time to determine how they can be used to maximum effect. The full power of Tobacco Track and Trace has yet to be realised and I, on behalf of the police, fully welcome the opportunity to use it, alongside other agencies, to tackle criminal activity and provide law-abiding businesses with the protection that they deserve.

There is huge potential for different law enforcement agencies to utilise the Tobacco Track and Trace system to identify and prosecute criminals. Working in partnership, these agencies, including the police, National Trading Standards and HM Revenue and Customs, can collaborate to identify and disrupt the activities of organised and networked criminals.

Chief Constable Amanda Blakeman

North Wales Police

NPCC portfolio lead on acquisitive crime



Executive Summary

The Illicit Tobacco Trade

- The UK has one of the highest tobacco taxation regimes in the world. As the retail price of tobacco products increase, and legislative changes are introduced to restrict their availability (e.g. under the proposed Tobacco and Vapes Bill 2023-24), the demand for illegal tobacco products is set to grow dramatically.
- There are several types of illegally sold tobacco products, including smuggled, counterfeit and stolen. This report focuses on stolen tobacco and its resale on the black market.
- Tobacco is typically stolen using three main modus operandi: in-store 'kiosk breaches', from individuals/vehicles when purchasing tobacco from wholesale premises, and from delivery vehicles while they are in transit or at the point of loading/unloading.
- Experienced criminals know that if they refrain from the use of violence or weapons when stealing tobacco then, irrespective of the value, the likelihood is that the punishment (if they are identified and prosecuted) will be relatively minor. In other words, the financial rewards of stealing tobacco far outweigh the risk of being caught and then any likely punishment.
- The current Home Office classification codes used to record tobacco-related crimes are broad. It can fall under 'Theft from a Motor Vehicle' (for cargo crime), 'Theft from Shops' (for kiosk breaches), 'Commercial Burglary' or 'Other Theft'. This means that the true scale of these offences, their seriousness, the level of organisation involved, and the links between individual offences are often obscured. Stakeholders contributing to this report say offenders understand that their offences lack visibility, and they are aware that refraining from the use violence will mean that they will be unlikely to attract the investigative resource required to identify and prosecute them.

Tobacco Track and Trace

- Tobacco Track and Trace (TT&T) was introduced in the UK in 2019. TT&T tracks products manufactured in or imported into the UK to the first retailer. Tobacco products are scanned as they make their way through the supply chain and the data is stored in a UK data repository. The TT&T legislation specifies that only HM Revenue and Customs (HMRC) have access to the database (although National Trading Standards can now access the 'app' following the enactment of The Finance Act 2022).
- TT&T is used by HMRC (and Trading Standards as part of Operation CeCe) to i) check if a business has a valid Economic Operator Identifier Code (EOID) to supply/purchase/sell tobacco products, ii) check if products have valid security features to signify that they are genuine, and iii) ensure that tobacco products are being sold in their intended market.
- Currently, TT&T is not routinely used to i) check if tobacco being offered for sale is stolen, ii) routinely ascertain the legal owner of tobacco that has been seized or discovered in suspicious circumstances by the police or other law enforcement agency (e.g. where no receipt of purchase can be provided by those in possession of large quantities of tobacco), or iii) provide intelligence or evidence in the investigation of other serious crimes (e.g. where knowing where a tobacco product was purchased could provide vital details for a case).

An opportunity to use TT&T to assist in the detection and investigation of crime

- Criminal gangs that steal tobacco are typically organised, serious career criminals. They are likely to be involved in poly-criminality and target tobacco as a high-reward low-risk commodity that can be easily and quickly converted into cash.
- There is an intelligence gap relating specifically to the onward sale of tobacco. Anecdotally, key industry stakeholders and representatives believe that a large proportion of it quickly re-enters the market and is sold in independent convenience stores that are either not permitted to sell tobacco (i.e. they do not have an EOID) or they sell it alongside legitimate tobacco products at a higher profit margin. Test purchasing exercises and GPS tag trials that were given as examples appear to support this assertion.
- Businesses that comply fully with the regulations and taxes are struggling to operate profitably because of how pervasive illegal and stolen tobacco has become. The illicit distribution channels can involve significant enterprises that undercut legitimate businesses with smuggled, stolen and counterfeit tobacco which threatens their livelihood.
- In October 2023, the National Police Chief's Council (NPCC) published the Retail Crime Action Plan. One of the commitments within the Action Plan is to follow all reasonable lines of enquiry, including "where property is stolen with unique features, such as a serial number, police will seek to recover it and obtain evidence." TT&T provides such unique features and could more frequently be used as evidence in criminal investigations. However, with the police not having access to the TT&T app this remains challenging.

Recommendations

A three-pronged strategy to enhance the efficacy of Tobacco Track & Trace

The recommendations here seek to better utilise the TT&T system to support intelligence gathering on criminal networks, the compilation of evidence of illicit activity, and as a deterrent for engaging with the onward sale of stolen tobacco products. The recommendations outlined below form a three-pronged strategy focusing on education (of licensed premises and law enforcement agencies), intelligence gathering (through campaigns and tactical operations), and enforcement activity.

Education

1

Police awareness training.

The findings from this project reveal that most stakeholders believe that police officers are not familiar with Tobacco Track & Trace. There has been some information distributed to police forces e.g. the National Business Crime Centre (NBCC) issued a newsletter advising forces about its existence and potential uses, but there is a need for more systematic awareness training within forces to ensure that it is being used to its full potential within criminal investigations.

2

Licensed premises awareness campaigns.

It's important that retailers are educated about a) the traceability of tobacco products (this is likely to act as a deterrent for buying illicit products for some), and b) the potential consequences of handing stolen goods. This could take the form of an awareness campaign involving mail shots to relevant businesses to boost compliance with Tobacco Track & Trace requirements and raise the prominence of the new penalties introduced under the Finance Act 2022, as well as existing penalties for handling stolen goods under the Theft Act 1968 which can result in imprisonment for a maximum of 14 years.

3

Supply chain security program.

Businesses involved in the transportation and sale of tobacco would benefit from ensuring that their security and operational procedures follow best practice guidance for high-value goods. Drawing on Design Out Crime principles, security protocols need to include methods to increase the effort of offenders, as well as increasing the likelihood that offenders will be identified after the offence. For example, automatic number plate recognition (ANPR) in carparks and on delivery vehicles would provide additional intelligence (although it is widely acknowledged that many vehicles involved in large scale tobacco theft will be using stolen or cloned licence plates).

Intelligence Gathering

4

Police national database use of keywords to enable visibility of tobacco-related crimes.

Using nationally adopted keywords when entering tobacco-related thefts into the police national database (PND) would help increase visibility of the scale and nature of this crime which is currently hidden by broad crime classifications. Ensuring a keyword, such as '#Tobacco' is added to these reports will make them searchable. This will make it easier to collate information and increase visibility that could link individual crimes into a series and provide valuable intelligence. Similarly, using a keyword to identify cargo theft within the 'theft from vehicles' classification code would provide vital information on the scale, severity, and frequency of crimes across the distribution network.

5

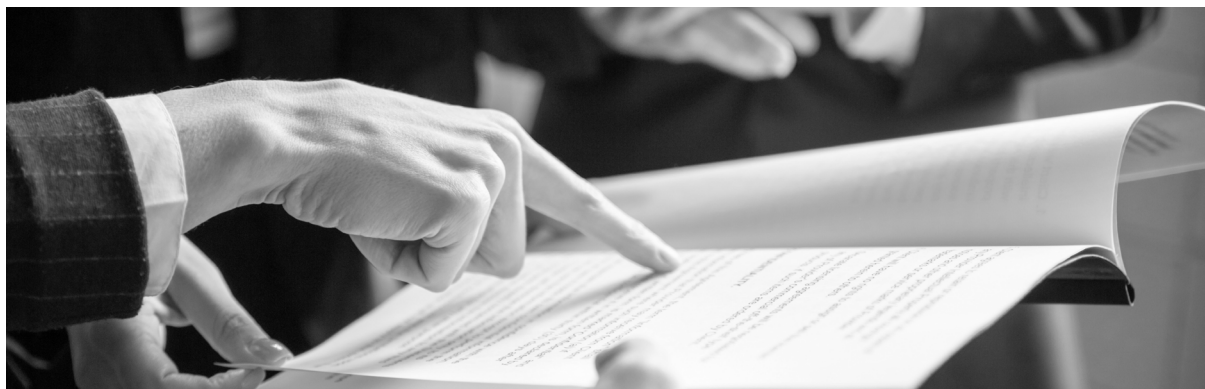
Amend legislation to extend access to TT&T.

The current legislative framework in which TT&T sits restricts both access to the app/database and the use of the data generated. At present only HMRC (or anyone acting on their behalf) can access the TT&T app for the specific purpose of enforcing the traceability restrictions. This unduly limits the potential of TT&T and prevents it from becoming a pivotal tool in the investigation and evidencing of crimes beyond counterfeit tobacco. The opportunity being missed is significant. The exclusion of all law enforcement agencies, other than HMRC, from TT&T can only benefit the criminal. There are many ways in which the data could be utilised to investigate and evidence a range of serious crimes. In addition to law enforcement, there are multiple national agencies that would also benefit from the aggregate data being routinely supplied to them, such as the NHS. The legislation should be revisited and amended in a way that maximises the use and efficacy of TT&T data.

6

TT&T app update.

Explore the potential to build in further functionality to the app to nudge those using it to check that the journey of the tobacco aligns with its current location. The 'green tick' signifying that the levy has been paid and the product has been bought by a retailer could be misleading in these scenarios. The product could have been stolen from the retailer in a 'kiosk breach' or wholesaler carpark as outlined above.



Enforcement

7

Tactical Operation.

The awareness campaign outlined above will go some way to disrupting the market for illegal tobacco products by deterring businesses from buying/selling illegal tobacco (and other goods). But those individuals who continue to engage in illegal behaviour should know that it is only a matter of time until enforcement action is taken. A tactical campaign drawing on local intelligence (gathered through Crime Stoppers and other channels) should target suspected premises. There is typically ample local intelligence about businesses that are suspected of buying and then selling on stolen goods.

8

Deploy relevant legal instruments.

The Finance Act 2022 introduced a range of penalties for businesses that fail to comply with the TT&T legislation. Setting aside that the financial penalties appear very lenient in comparison to the financial rewards of selling illegal/stolen tobacco, there are also a range of other legal instruments that can - and should - be used in relation to the theft of tobacco products. These include the Theft Act 1968 which includes the offence of 'handling stolen goods' with a maximum imprisonment term of 14 years, and the Licensing Act 2003 which could be mobilised to review and potentially remove a business' licence to sell alcohol. There is a concern amongst stakeholders that the current narrow focus of TT&T is missing several opportunities to detect and respond appropriately to the full range of offences involving tobacco products.

Acknowledgements

I am hugely grateful to the National Business Crime Centre (NBCC) for commissioning this piece of work and to the Home Office for funding it. Thanks are owed to Superintendent Patrick Holdaway for seeking to explore how Tobacco Track & Trace can evolve to become a more pivotal tool in the identification and investigation of serious crime.

This project would not have been possible without the broad range of individuals representing law enforcement, industry bodies, retail and wholesalers who generously gave their time to share their insights, knowledge, and experience on the multiple ways that tobacco is stolen and how it re-enters the supply chain. In particular, I would like to thank Carl Palmer from HM Revenue and Customs for his expert advice on this topic. There is a genuine shared commitment to reduce crime and increase the safety of employees working throughout the sector.

Methodology

This report is based on interviews with representatives from the tobacco industry, retailers, wholesalers, distribution and logistics, the police, and government departments. Interviews and consultation were mostly online. Discussions were audio-recorded and auto-transcribed. Transcriptions were then manually checked and adjusted. Not all interviewees wanted to be directly cited in the report and so the information that they have provided has contributed to a better understanding of trends and issues. In addition, a comprehensive literature review was undertaken to provide a background and understanding of issues pertaining to tobacco related crime and security.

About the author

Emmeline Taylor is Professor of Criminology at City, University of London. She specialises in understanding acquisitive crime and business crime, particularly focusing on the retail sector, as well as new and emerging technologies. Professor Taylor's career spans over 20 years, during which time she has worked in the public, private and academic sectors, and on three continents. She has published extensively on crime-related topics, including six books, the most recent of which, *Armed Robbers* (Oxford University Press, 2022), is based on interviews with 42 incarcerated offenders. Emmeline has published several reports on retail crime and criminal justice, including *It's Not Part of the Job: Violence and Verbal Abuse Towards Shop Workers* (2019); *Fortress Stores: How to Keep Most-at-Risk Stores Trading* (2022); *The Offender to Rehab Programme: An Evaluation of the Birmingham Pilot* (2022), and *Stealing with Impunity: The policing of prolific local offenders and the impact on our shops and communities*.

Working closely with the business sector, the police and the Government, Professor Taylor is chair of the Business Crime Reduction Partnerships' (BCRP) National Standards Board; a member of the National Retail Crime Steering Group (NRCSG) chaired by the Minister of State for Crime, Policing and Fire; a member of the Home Office Commercial Victimisation Survey's (CVS) Expert Panel; and a member of the Metropolitan Police Retail Harm Reduction Partnership. Emmeline hosts the podcast *Retail Crime Uncovered*, which focuses on how to identify and tackle retail crime in all its forms.



Introduction: Tobacco Crime and Illicit Markets

The focus of this report could be considered narrow as it looks at the theft of one specific product: tobacco. Yet the implications could not be broader. Tobacco related crime presents huge financial losses to the public purse. Since 2000, HM Revenue & Customs (HMRC) estimate that £54.3 billion in tax revenue has been lost due to the illegal sale of cigarettes and hand rolling tobacco products in the UK.¹

£54.3 billion
*estimated tax revenue
lost due to illegal sale of
tobacco since 2000*

Tobacco is a valuable commodity, sometimes considered a form of currency, that attracts large numbers of organised criminals who seek to gain from its illegal trade. It is widely acknowledged that the profits generated are used to fund further criminal activities. A recent policy paper, *Stubbing out the Problem*, co-published by the UK Border Force and HM Revenue and Customs, outlines that the proceeds of tobacco crime are used to fund 'the smuggling of weapons, drugs, and even human beings across the globe.'²

On a more local level, the pervasiveness of illegal tobacco products impacts on the livelihoods of law-abiding business owners and their staff. The ability to operate profitably is impeded when other businesses in the same vicinity trade illegally. This enables them to undercut those who adhere to tobacco-related regulations, and seemingly without consequence or sanction.

¹ Measuring Tax Gaps 2023. HM Revenue & Customs, June 2023

² HM Revenue & Customs and Border Force (2024) *Stubbing out the Problem: A New Strategy to Tackle Illicit Tobacco*. Available at: [Stubbing out the problem: A new strategy to tackle illicit tobacco - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/123456/Stubbing_out_the_problem_A_new_strategy_to_tackle_illicit_tobacco.pdf)

A Growing Demand for Illicit Tobacco

The World Health Organization (WHO) claims that significantly increasing tobacco excise taxes and prices is the single most effective and cost-effective measure for reducing tobacco use.³ In 2019, the government outlined an ambition to make England 'smokefree' by 2030.⁴ To deter people from smoking, it has developed one of the highest tobacco taxation regimes in the world. At the time of writing, the price of 30g of rolling tobacco is approximately £24 and a packet of 20 cigarettes retails in the region of £13. For context, the National Living Wage for someone aged 21 or over is £11.44 per hour.⁵ In concert with the rising cost of purchasing tobacco for consumers, is the proposed phased 'generational ban'. The Tobacco and Vapes Bill 2023-24⁶ proposed to make it an offence for anyone born on or after 1 January 2009 to be sold tobacco products.⁷

The UK has one of the highest tobacco taxation regimes in the world.

While tax increases and proposed legislative changes generate revenue for public services and support a health agenda, they can have unintended consequences. One such consequence is the increasing demand for counterfeit, smuggled and stolen tobacco products. Not only does this present significant harm to law-abiding businesses that follow the correct and legal procedures for manufacturing and selling tobacco products, but it also undermines public health measures and bypasses any controls on the supply of tobacco to underage consumers.

Last year we had two tax increases on tobacco because of a double budget. The amount of tax added to a 30g packet of hand rolling tobacco as a result was almost £4.00. To put that in context, the tax added to tobacco last year alone is the same amount that you can buy the product for illegally. That's the economic consideration for a consumer. (Public Affairs Manager, JTI)

We are seeing some real challenges as criminals see the illicit and stolen tobacco market as increasingly lucrative and enticing. We need to get ahead of them (National Business Crime Centre (NBCC) Lead).

If the generational tobacco ban comes into play, our members are really, really worried about the black market soaring and tobacco crime really going through the roof because the black

³ World Health Organization. Which are the most effective and cost-effective interventions for tobacco control? www.euro.who.int/__data/assets/pdf_file/0004/74722/E82993.pdf

⁴ This is achieved when adult smoking prevalence falls to 5% or less.

⁵ The National Minimum Wage in 2024. Available at: <https://www.gov.uk/government/publications/the-national-minimum-wage-in-2024>.

⁶ The Tobacco and Vapes Bill introduces provisions about the supply of tobacco, vapes and other products, including provision prohibiting the sale of tobacco to people born on or after 1 January 2009; and to enable product requirements to be imposed in connection with tobacco, vapes and other products. Available at: <https://bills.parliament.uk/bills/3703#:~:text=A%20Bill%20to%20Make%20provision,tobacco%2C%20vapes%20and%20other%20products>. (accessed: 28.03.24)

⁷ Department of Health & Social Care (2023) Stopping the Start: our new plan to create a smokefree generation. Available at: [Stopping the start: our new plan to create a smokefree generation - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/stopping-the-start-our-new-plan-to-create-a-smokefree-generation).

market will be thriving. If you're aged 21 and can't buy cigarettes in a store, you're going to get them on the black market. (Trade Association representative 1).

Not only is there an already established lucrative trade in illicit and stolen tobacco but it is set to increase in volume and severity. As the cost of tobacco products rise in the UK as result of tax and duties and further restrictions on the availability of products are introduced, the demand for stolen, counterfeit, and illegal tobacco is set to increase dramatically. But it is not just the increase in cost that is driving the black market for illegal tobacco products, a prevailing view amongst stakeholders participating in this project is that criminals perceive the theft of tobacco as a relatively risk-free crime.

Types of Tobacco-related Crime

There are multiple ways in which criminals seek to generate money from tobacco products. These include:

Illegal imports.

Illegally importing or smuggling tobacco products into the country for onward sale;

Counterfeit products.

Producing and selling counterfeit tobacco products;

Theft of tobacco.

stealing authentic tobacco products from wholesalers, retailers and/or distributors and reselling them on the black market.

This report focuses predominantly on the third category – the theft of legal tobacco products and their onward sale on the black market. Tobacco products have always been attractive to criminals since they are lightweight and relatively small making them easier to steal and transport in bulk. The CRAVED acronym highlights the typical features of products which are targeted by professional thieves. These products are concealable, removable, available, valuable, enjoyable, and disposable (meaning that they can be quickly sold on). The following section explores the main tactics being used by criminals to steal tobacco products.

⁸ Vaping products are also subject to similar criminal activities, and this will likely increase with the proposed dedicated levy on vapes from October 2026.



Theft of Tobacco: Offenders and Modus Operandi

Crimes involving tobacco take many forms from burglary and robbery in stores, through to targeting delivery vehicles and wholesalers. There are three main ways in which tobacco products are currently being stolen. These are 'kiosk breaches', in car parks at wholesalers, and freight crime.

"Kiosk breaches". This approach is a relatively new tactic being deployed by criminals working in small groups. The method is to storm the kiosk in convenience stores where alcohol and tobacco is located. Offenders using this MO are typically very aggressive.

- “ We now have new terminology “kiosk attacks”, which is where offenders, typically groups, overwhelm a store kiosk where the tobacco is held and fill builder’s bags with the tobacco. (NBCC Lead)
- “ We’ve had a real increase in robberies where the offenders jump over the counter. They could be armed or unarmed but very aggressive. We’ve had 12 in London already in the first ten days of this month. (Security Manager at Major Retailer)
- “ About 18-24 months ago we didn’t have ‘kiosk breaches’, they weren’t a thing. But as we and other retailers have brought in additional security measures such as secure gantries, offenders have looked for new ways to steal tobacco. It started to be noticeable from the start of 2022. We started having people storming the kiosk in the daytime. It’s a lot more organised so it was surprising that, from the police perspective, people coming in and stealing thousands of pounds of cigarettes wasn’t treated any differently to someone coming in and stealing packets of meat. No one can say that is for personal use, its organised and at scale. (Risk and Compliance Lead, Major Retailer)

There was some confusion amongst stakeholders as to whether this criminal activity should be recorded as a theft, burglary, or robbery. The use or threat of violence commonly accompanying this modus operandi would suggest that it should be classified as a robbery. It is difficult to know the scale of this particular MO since the classification code would override any more specific details. Furthermore, there is currently no systematic and nationally adopted way of indicating that tobacco was stolen. In response to this emergent crime type, retailers are investing in 'fortress' style counters that cannot be jumped over or broken through.

Car parks at wholesalers. Another common tactic reported by the industry, is targeting customers who are purchasing tobacco and other goods from wholesalers. The criminals typically target victims in the car park after they have purchased stock. They might use a range of different approaches including using distraction techniques or stealing the vehicle that has just been loaded. Some of these offences can become volatile and dangerous if the offender is observed and/or challenged.

“ *Customers purchasing tobacco at wholesalers are being targeted in car parks, or when they're leaving the premises.* (NBCC Lead)

“ *We are seeing a lot of 'cash and carry' theft. The majority happen in the car park. Usually, the retailer is loading up their vehicle and, in some cases, the whole vehicle is stolen and driven out of the depot or it's a case of stealing from the trolleys that they wheel out, or from the boot of their car.* (Trade Association representative 1).

“ *It is relatively common that violence is used. We've had deaths before now which is, mercifully, extremely rare. It might be that a retailer is loading their car, somebody's then stolen the vehicle, or they've given chase and they've fallen under the wheels of the moving vehicle. It's all pretty grim.* (Trade Association representative 2)

Freight Crime. Another tactic used by criminals is to target delivery vehicles as they leave the distribution centre (DC). This type of crime is often referred to as 'freight crime' or 'cargo crime'. Criminals typically work as a team with multiple vehicles who track the delivery van and waiting for an opportune moment. The theft might take place as the vehicle has stopped at traffic lights or in congestion or the criminal group might orchestrate a reason for it to stop.

The Federation of Wholesale Distributors (FWD) has stated that their members are 'are frequently targeted by criminal gangs seeking to steal large quantities of legitimate tobacco products, often by violent means. Legitimate product stolen from wholesalers then forms a key constituent of the trade in illicit tobacco on the black market. It is blended with smuggled and illicit products and sold on by organised gangs.'⁹

⁹ Written evidence from Federation of Wholesale Distributors [TOB22] given to the Tobacco Smuggling Inquiry 2014. Available: at <https://committees.parliament.uk/writtenevidence/47916/html/>.

“ Our distribution networks last financial year were targeted. We had two breaches in our distribution centres that house tobacco and the losses ran into millions of pounds. (Security Manager at Major Retailer)

“ They’ll follow one of the delivery vans from the DC (distribution centre) or they’ll be waiting just up the road on an arterial route nearby. They’ll follow the van and when it’s at the traffic lights or in stationary traffic, one of the gang will jump out and cut the lock or padlock off. They carry battery operated drills and angle grinders and they can cut them off within seconds. Once they’re in, they pull the shutter down and the theft doesn’t take place right there. There’ll be one or two support vehicles following behind. The person in the back of the lorry gets the tobacco product ready by moving it towards the back of the trailer. They’re in Bluetooth contact with the person in the back of the lorry so they know what’s going on and they’ll let him know when they’re coming up to stationary traffic again. The delivery van stops, they’ll open the shutter, and get out. The tobacco gets loaded into the van following on behind and the vehicles then make off on cloned plates. They know all about ANPR [automatic number plate recognition]. (National Business Crime Solution (NBCS) representative).

“ We’re in a situation where if it’s not bolted to the ground, it’s going to be stolen. We’ve definitely seen an increase in theft for resale. We’re aware of gangs that travel up and down the M1 corridor and call at every single store on the way or they follow the transport trucks. Theft in transit has been a big issue. (Security Manager at Major Retailer)

“ ‘Jump up theft’ involves the following of national supermarket retailer lorries. When deliveries are leaving the distribution centre and travelling to do deliveries, the offenders will follow the lorry. When that lorry gets held up in traffic or when it arrives at the supermarket, the vehicle, now stationary, will be broken into. They’ll angle grind, drill, or whatever they need to do, to undo the back doors and get in. The primary focus is stealing tobacco. (National Vehicle Crime Intelligence Service (NaVCIS) representative).

There have also been incidents where the theft has taken place while the target vehicle is still in motion. These thefts are referred to as “rollover thefts”. Typically, several vehicles are used to box the delivery vehicle in (normally on the motorway) to slow it down and control its speed. One of the offenders then climbs onto the bonnet of the moving vehicle that is tailing the delivery lorry, cuts the rear lock, and climbs inside. They then proceed to pass goods out of the target vehicle to other offenders in their vehicle.

Since 2016, the National Vehicle Crime Intelligence Service (NaVCIS), a police unit, has attempted to map the frequency and severity of freight crime by collating crime reports and intelligence from a variety of sources such as the police, insurance companies, retailers and wholesalers, and place it in a National Freight Crime Database. As outlined above, the broad classifications used can make it difficult to identify all crimes of this nature.

£2.5 million
worth of tobacco was
stolen in ‘jump up’ thefts
last year

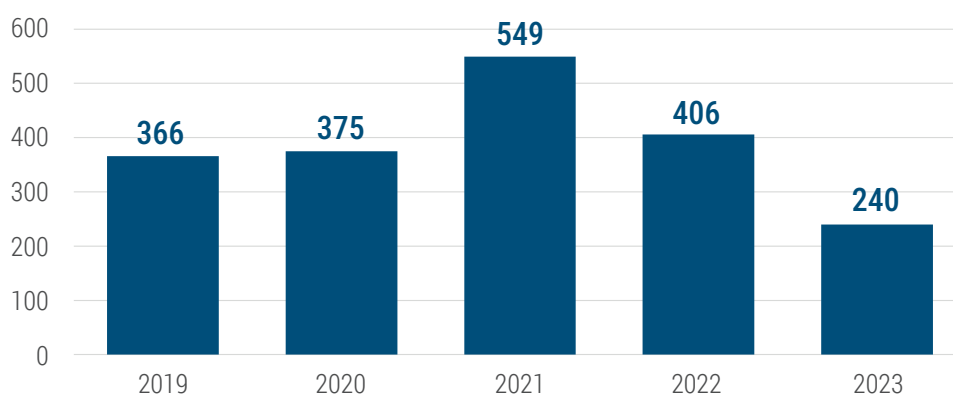


Figure 1. Number of 'jump up' thefts recorded by NaVSIS 2019-2023.¹⁰

Although the number of crimes appear to have reduced the cost remains significant. Last calendar year, NaVCIS estimated that over £2.5 million pounds worth of tobacco was stolen in 'jump up' thefts alone. That estimate relates to 'cost price' and so calculating retail price and accounting for lost duty would increase that figure to over £12 million.

It is important for the context of this data to highlight that since the collapse of Palmer & Harvey McLane Ltd, the UK's largest delivery wholesaler and biggest tobacco supplier to the UK convenience market, in November 2017, the delivery of tobacco was passed to individual retailers. It has been suggested that the existing fleets of distribution vehicles used by retailers to transport tobacco did not have the same levels of security, nor were processes and operational procedures sufficient for transporting such high-value cargo.

The increase in 'jump ups' between 2019 and 2021 could be, in part, attributed to criminals becoming aware of these vulnerabilities in the supply chain. The subsequent reduction from 2022 could additionally signify the introduction of enhanced security procedures and technology (many of which were described as part of this project but have been omitted to avoid disclosing sensitive security information). This highlights the importance of retail, wholesale and logistic companies establishing and following best practice guidance in relation to the transportation of high value goods such as tobacco to deter and prevent offenders from being able to access it.

**Recommendation:
Supply chain security
program.**

Businesses involved in the transportation and sale of tobacco would benefit from ensuring that their security and operational procedures follow best practice guidance for high-value goods. Drawing on Design Out Crime principles, security protocols need to include methods to increase the effort of offenders, as well as increasing the likelihood that offenders will be identified after the offence. For example, automatic number plate recognition (ANPR) in car parks and on delivery vehicles would provide additional intelligence (although it is widely acknowledged that many vehicles involved in large scale tobacco theft will be using stolen or cloned licence plates).

¹⁰ The 2023 data is an incomplete year and only includes incidents up to 11th December 2023.

¹¹ Accountancy Daily (2017) 'Palmer & Harvey wholesale delivery company hits the buffers'. Available at: <https://www.accountancydaily.co/palmer-harvey-wholesale-delivery-company-hits-buffers>

A key signifier of organised poly-criminality is the speed with which offenders will change tactics in response to security measures or police operations. This indicates that the perpetrators are career criminals with a level of skill and determination rather than opportunists.

“ *A couple of years ago we had a lot of problems with ‘jump up’ theft of tobacco. It was a huge problem across the industry. We did a lot of work on responding to that [with new security measures and procedures]. The problem that we’re seeing now is that as we close down the ability to steal on the road, we’re seeing more robberies in store. That is a big concern.* (Lead Shrinkage and Security Business Partner - UK Distribution and Fulfilment)

There is a novel opportunity for TT&T to devalue the black market for tobacco. Rather than playing ‘whack a mole’ as a one industry representative described it, i.e. being reactive to new criminal tactics that emerge, TT&T could make it much harder, less lucrative, and higher risk to turn stolen tobacco products into cash.

Reporting and Recording the Theft of Tobacco

Across all tactics being used to steal tobacco as outlined above, a recurrent finding in this study, is that the way they are recorded can obscure the trends, severity, and scale of tobacco theft. For example, the relatively aggressive and violent tactic of “kiosk breaches” can be categorised as a burglary or a shop theft, rather than a robbery. In terms of cargo theft, it is difficult to ascertain how common this crime type is because there is no Home Office crime classification code for cargo/logistics theft. If tobacco is stolen from a lorry, whether in transit or parked, regardless of the value of losses, it will be classified as ‘theft from a vehicle’ or even a general theft offence.

Some stakeholders involved in this project believed that blanket offence categories mask the severity of some of these crimes. For example, the police unit, the National Vehicle Crime Intelligence Service (NaVCIS), state in a report that having ‘no central crime category or tag has allowed this [crime type] to remain largely hidden.’¹² Across all the modus operandi being deployed by criminals, many of them organised crime groups, the common theme is that they are stealing tobacco. Yet as with crime classification, there is no current systematic way to

Recommendation:

As part of the training for police relating to the existence and operation of TT&T, it would be beneficial to routinise the use of a keyword on the PND to be used nationally when entering tobacco-related thefts into the police national database (PND). Adding a keyword, such as ‘#Tobacco’ to these reports will make them searchable. This will make it easier to collate information and increase visibility that could link individual crimes into a series and provide valuable intelligence. Similarly, using a keyword to identify cargo theft within the ‘theft from vehicles’ classification code would provide vital information on the scale, severity, and frequency of crimes across the distribution network.

¹² NaVCIS (2022) *Profile of HGV, Freight and Cargo Crime Across England and Wales 2022*. Available at: https://navcis.police.uk/wp-content/uploads/2023/01/NaVCIS-Freight-Crime-Problem-Profile_-December-2022v4.pdf

capture this information. One suggestion is to include a hashtag on police crime reports so that the PND can be searched to pull out relevant cases to begin to draw out intelligence on related cases. It was reported that 'Op Ash' is sometimes used and that other terms such as 'tobacco' and 'cargo' could assist with visibility.

A low risk, high reward crime



Criminals are stealing tobacco because they perceive it as low risk and high reward crime. Several stakeholders described these offenders as rational actors who targeted tobacco because they believed the chance of being caught was minimal. Or if they were to be caught and prosecuted, then the sanctions were considerably less than other offences that they might otherwise engage in such as drug smuggling or human trafficking. It was frequently suggested that the theft of tobacco is linked to organised criminal networks and the profits generated were used fund an array of other illicit activities.

It should be of considerable concern to law enforcement and the government that criminals are taking this measured and calculated risk and getting away with it. While acquisitive crime absent of violence might appear to be 'low harm' the funds raised are no doubt used to fund other illicit activities that poly-criminals are engaged in. The damage caused to those businesses that are complying with the rules and regulations can also not be understated.

It is also important to acknowledge that despite the difficulties in ascertaining the true scale of criminal activity, the illicit distribution and onward sale of illicit tobacco products are not low level or casual. They can involve significant enterprises that undercut legitimate businesses and threaten their livelihood. For example, a West Yorkshire Police and West Yorkshire Trading Standards joint investigation in late 2023 discovered what they described as "James Bond style" devices and fake walls being used to conceal illicit tobacco with a value of more than £100,000.¹³

“ *The sale of stolen tobacco is high level and organised. We know stolen meat and other things are being sold in local pubs each Friday night, but tobacco takes it up a notch. It needs to be more organised because of where its stored, how it's housed and the control that it's kept under. We've had tobacco stolen from our wagons while the deliveries are being picked. As a layman, you wouldn't be able to tell from the outside of a van what it's got in it so there needs to be a degree of scoping and planning* (Security Manager at Major Retailer).

“ *There's a massive street value associated with cigarettes. They're light to steal and they're high value. These gangs sit and watch. They know where the depots are, they know what the*

¹³ West Yorkshire Police seize over £100k of illegal tobacco. Available at: <https://www.thetelegraphandargus.co.uk/news/23883086.west-yorkshire-police-seize-100k-illegal-tobacco/>

depots are selling, and they know most retailers are going to be buying cigarettes because 50% of what they sell in their in their stores is tobacco. (Trade Association representative 1).

“*They’re getting more and more organised and each time they’re arrested they’re learning what got them caught and they revise their MO accordingly. They’re very clever and won’t use violence which can make it hard to get the police interested. At the end of the day, it’s a theft, not a violent incident, but there’ll be a series of probably 9 or 10 thefts and each one seven or eight thousand pounds, sometimes up to £15,000 a time and they will move areas to another distribution centre (DC) on another police force area.* (National Business Crime Solution (NBCS) representative).

There is an opportunity for the UK government to get ahead of the organised criminal networks and utilise the sophisticated Tobacco Track and Trace system to identify and prosecute those involved in the theft, handling and resale of stolen tobacco.

The importance of tackling tobacco theft

From the tactics being used to steal tobacco outlined above, there is a level of organisation and planning in a large proportion of cases. The MO being used, the broad classification codes that obscure the nature of the crime, and a lack of intelligence on how the stolen tobacco being sold on, has resulted in tobacco theft becoming a relatively low risk yet a very lucrative proposition. It is likely that career criminals and organised criminal groups (OCGs) have focused on tobacco rather than commit other crimes such as the supply of illegal drugs or firearms because it involves less effort, less risk, and more lenient sentencing if they were to be caught and prosecuted.

“*The cargo thieves favour non-confrontational offences because they know it’s categorised as a ‘theft from a motor vehicle’. They know that it’ll be categorised the same as having your handbag stolen out of your boot or your sports bag nicked off your back seat. So, its seen as high reward, low risk. Last year, we had a lorry that was attacked in a sneak up theft at Warwick services. They stole £1.7 million worth of cosmetics and that was cost price. So, retail value is anywhere between four and nine times the cost price. You’re probably looking at more than £10 million worth of cosmetics.* (National Vehicle Crime Intelligence Service (NaVCIS) representative)

As outlined above, tobacco theft can have a significant and direct impact on people’s livelihoods, cost the public purse a huge amount due to lost revenue, and can potentially physically harm employees who might encounter an offender while stealing. The following section outlines the introduction and operation of Tobacco Track and Trace.



Tobacco Track and Trace

“ *A lot has been invested into this track and trace. All the wholesalers and the supply chain are following the procedures - recording, scanning - so we know that it's been sold at 'X wholesalers' and it's been sold to Mr. Smith in the in the convenience store on the High Street in Worcester.* (National Business Crime Solution (NBCS) representative).

The UK is a signatory to the World Health Organization's (WHO) *Framework Convention on Tobacco Control and Protocol to Eliminate Illicit Trade in Tobacco Products*. The Protocol requires parties to implement a system to track tobacco products manufactured in or imported into its territory. The EU also ratified the Protocol and so the UK formed part of an EU-wide traceability system that launched in May 2019.¹⁴ Article 8 of the Protocol obliges all parties to introduce a tracking solution for tobacco products within five years for cigarettes and hand rolling tobacco and ten years for other tobacco products such as cigars and cigarillos.

Following its exit from the EU, the UK introduced its own standalone Tobacco Track and Trace system (TT&T) from 1 January 2021.¹⁵ Tobacco products are scanned as they make their way through the supply chain and that data is stored in a UK data repository.¹⁶ All businesses involved in the supply chain of tobacco products (currently cigarettes and hand rolling tobacco, but extending to all other tobacco products from May 2024), are required to register with the UK ID issuer.¹⁷

¹⁴ HMRC (2024) Internal Manual: Tobacco Track and Trace Compliance. Available at: <https://www.gov.uk/hmrc-internal-manuals/tobacco-track-and-trace-compliance/ttc2050> (accessed: 28.03.24).

¹⁵ The legislation, the Tobacco Products (Traceability System and Security Features) (Amendments) (EU Exit) Regulations 2020, can be found at: [The Tobacco Products \(Traceability System and Security Features\) \(Amendments\) \(EU Exit\) Regulations 2020](https://www.legislation.gov.uk/uk/2020/1000) ([legislation.gov.uk](https://www.legislation.gov.uk)).

¹⁶ The Tobacco Products (Traceability System and Security Features) (Amendments) (EU Exit) Regulations 2020 make the necessary amendments to the retained Commission Implementing Regulations (EU) 2018/574 to ensure a traceability system is established and operates for the whole of the UK, including Northern Ireland

¹⁷ The UK ID issuer is Dentsu Tracking: <https://dentsutracking.com/>.

This includes those who:



Manufacture or import tobacco products



Store or sell to trade/public



Transport tobacco



Transload tobacco (move from one vehicle to another)

Businesses are required to access and create an account on the UK Tobacco Track and Trace system. All tobacco products which are manufactured, imported, or distributed for supply to the UK market, must have a unique identifier (UID) associated with the product. Goods are to be scanned at the point of arrival and dispatch to/from each facility in the supply chain up to the first retail outlet. This includes when transferring from one vehicle to another, without entering a facility (transloading).

Businesses involved in the supply chain of tobacco products are required to register with the UK ID issuer. They must obtain an economic operator identity (EOID) code relating their businesses and a facility identity (FID) code for each of their facilities. When products are moved from one business to another, or between facilities, messages must be transmitted to the TT&T system with the relevant EOID and FID details. Overall, the application of ID codes to products, the introduction of Operator Codes for retailers, and the requirement to scan products as they progress through the supply chain provides a huge amount of visibility and traceability for tobacco products.

Currently, the TT&T data repository containing traceability data relating to tobacco products is only accessible by HMRC. This is because when the original EU legislation¹⁸ was replaced by the UK legislation¹⁹, each mention of 'Member States and the Commission' and variants thereof, have been replaced with 'HMRC'. This means that in the UK legislation, HMRC became the sole agency with the legal authority 'to access and query the data stored in the repositories system'. Furthermore, the use of TT&T is limited to the activities set out in the legislation and only HMRC can actively engage in carrying out the following operations:

- a** retrieval of any information concerning one or multiple unique identifier(s), including the comparison and cross-checking of multiple unique identifiers and the related information, in particular their location in the supply chain
- b** creation of lists and statistics, such as product stocks and inflow/outflow numbers,
- c** identification of all tobacco products that have been reported by an economic operator to the system, including the products reported as recalled, withdrawn, stolen, missing or intended for destruction.

¹⁸ Available here: [Implementing regulation - 2018/574 - EN - EUR-Lex \(europa.eu\)](#)

¹⁹ Available here: [The Tobacco Products \(Traceability System and Security Features\) \(Amendments\) \(EU Exit\) Regulations 2020 \(legislation.gov.uk\)](#) (see in particular changes to Article 27)

In July 2023, new powers came into force under The Finance Act 2022 which introduce a range of penalties for failure to meet the requirements of tobacco track and trace.

Number of times the business has breached the regulations	Less than 100 units found on this occasion	100 to 299 units found on this occasion	300 to 499 units found on this occasion	500 or more units found on this occasion
Once	£2.500	£5.000	£7.500	£10.000
Twice	£5.000	£7.500	£10.000	£10.000
Three or more	£7.500	£10.000	£10.000	£10.000

Figure 2. Penalties for not complying with Tobacco Track & Trace obligations.²⁰

The penalties do not appear to have been set at a sufficient level to encourage compliance. For example, 500 units of 30g of rolling tobacco would have a retail price of £12,000. This is more than the penalty that would be applied on each occasion. While there are other sanctions that could additionally be applied, these relatively low penalties are unlikely to offer much by way of deterrence to a largescale organised operation. For example, the case mentioned previously in West Yorkshire involved tobacco valued at over £100,000.

Section 93 of the legislation also provided for The Commissioners (HMRC) or ‘anyone acting on their behalf’ to disclose information as it relates to the enforcement of track and trace regulations. It is through this piece of legislation that National Trading Standards, as part of Operation CeCe (see Text box 1) have been able to access the Track and Trace information – specifically the app. However, if they do identify suspected illicit tobacco, they cannot take enforcement action themselves but rather refer the case to HMRC to investigate further and apply the penalties if required.

Operation CeCe and The Finance Act 2022²¹

Operation CeCe is a joint initiative between National Trading Standards and HM Revenue and Customs (HMRC). The operation has been working to seize illicit tobacco since January 2021. Its main focus is to tackle the illicit tobacco trade which is defined as ‘any tobacco product that is sold in the UK without the payment of excise duty’. The joint agency operation has claimed to have seized more than 27 million illicit cigarettes and 7,500kg of hand-rolling tobacco in its first 2 years.



²⁰ Gov.uk (2023) Stronger powers to combat illicit tobacco come into force. Available at: <https://www.gov.uk/government/news/stronger-powers-to-combat-illicit-tobacco-come-into-force>.

²¹ It should be pointed out that it is currently not known how common it is for businesses registered with an EOID to be buying and selling stolen tobacco.

A HMRC representative described how the TT&T ‘app’ returns ‘a big green tick’ or ‘a big red cross’ when the QR code on the tobacco packet is scanned. The person scanning could then delve into the data further to scrutinise the individual journey of the product through the supply chain. Although there is the potential to find discrepancies in this way, there was concern amongst some stakeholders that enforcement officers were not looking beyond the tick or cross information and therefore missing vital opportunities to locate stolen tobacco being offered for sale in shops that have a valid EOID.²²

“ *If Trading Standards go into a store, they will be focused on whether a product is genuine rather than where it’s come from. I think there’s an opportunity to look beyond whether the product is genuine to also establish if its journey through the supply chain was legitimate. If scanned using the TT&T app it might come back as genuine, but wouldn’t it be helpful if the track and trace system could also flag if the tobacco is not where it should be? So, if an independent retailer is selling tobacco that the TT&T scan says belongs to a large supermarket then there’s a very, very good chance they’ve got that illegitimately.* (NBCC Lead)

Recommendation:

Explore the potential to build in further functionality to the app to nudge those using it to check that the journey of the tobacco aligns with its current location. The ‘green tick’ signifying that the levy has been paid and the product has been bought by a retailer could be misleading in these scenarios. The product could have been stolen from the retailer in a ‘kiosk breach’ or wholesaler carpark as outlined above.

Using Tobacco Track and Trace to Identify Stolen Tobacco Products

“ *Track and Trace needs to up its game massively. The app needs to be readily accessible to police, councils...* (National Business Crime Solution (NBCS) representative)

There are notable frustrations amongst stakeholders and businesses operating at different points of the supply chain that TT&T does not do more to disrupt the illegal trade in tobacco. Comments ranged from its use to identify stolen tobacco as a ‘no brainer’ and a ‘huge opportunity.’

“ *We had thought TT&T would provide an opportunity to target the illegal sale of tobacco products in the retail community. We’re aware through our test purchasing that there are many, many, shops that sell illegal tobacco products and they are doing it quite openly. There is clearly a largescale illegal distribution network in operation. We do hope that the onus placed on Trading Standards to report breaches of TT&T to HMRC leads to more enforcement.* (Public Affairs Manager, JTI)

²² It should be pointed out that it is currently not known how common it is for businesses registered with an EOID to be buying and selling stolen tobacco.

- “ A lot has been invested into this track and trace. All the wholesalers and the supply chain are following the procedures - recording, scanning - so we know that it's been sold at 'X wholesalers' and it's been sold to Mr. Smith in the convenience store on the High Street in Worcester. (National Business Crime Solution (NBCS) representative).
- “ Could Track and Trace help uncover stolen tobacco products being sold? Yes. It could easily show that a product seized from a shop in Lincoln actually belongs to a Tesco in Basingstoke – so what is it doing there? But the police don't have access to the TT&T system, and this is not the primarily focus for HMRC. (Public Affairs Manager, JTI)
- “ Tobacco Track and Trace has been bought in to deal with counterfeit tobacco, and that's great. However, there's the additional opportunity to target stolen tobacco which is also a major concern. (NBCC Lead)
- “ There's a huge opportunity with Track and Trace but we just don't seem to be joining up the dots. (Security Manager at Major Retailer)
- “ If there is a way of checking the unique identifier of tobacco being sold in shops that have been reported as receiving stolen goods, then why isn't it being used? That system could very quickly help to resolve the problem. (Risk and Compliance Lead, Major Retailer)
- “ Retailers are miffed as to why track and trace isn't being used to try and stop the resale of stolen tobacco. They are doing everything right. They are buying their cigarettes, paying the duty, complying with track and trace requirements and yet they are aware of a lot of people who are not and instead they are buying tobacco on the black market (Trade Association representative 1).
- “ Unfortunately, we have very, very little intelligence to indicate where [the tobacco] is going. It's a huge frustration. We can hypothesise but we're not utilising the opportunity to see what more we can find out about where the tobacco is going, who [the offenders] are in contact with what that the wider network is. We have the capacity to look at that, but if we're not given the information, it's difficult and a lot of opportunities are lost. (Analyst, Opal (national intelligence unit focused on serious organised acquisitive crime (SOAC))



It is not immediately clear why access to tobacco traceability data is only accessible by HMRC. Some commentators who participated in this project attributed it to the rapid need to update the legislation following Brexit, whereas others suggest it is due to concerns that if the database were accessible by more agencies, it could somehow then be accessed by the tobacco industry and used for commercial purposes. Several stakeholders cited Article 5.3 of the *World Health Organisation (WHO) Framework*

Convention on Tobacco Control which explicitly protects public health policies from commercial and other vested interests of the tobacco industry.²³ Irrespective of the reason at the time, the restrictive access appears to unduly hinder the potential of the TT&T system to tackle tobacco-related criminality beyond incidents where excise duty has not been paid.

Enabling access to a broader range of law enforcement agencies could significantly increase the value of the TT&T system by providing vital intelligence and evidence to national bodies with prescribed crime related functions. Beyond law enforcement, there are also other national agencies that would hugely benefit from being able to access anonymised data e.g. the NHS could use aggregated data to inform the targeting of non-smoking campaigns to locations with the highest consumption of tobacco products.

While some nervousness exists in relation to safeguarding the data, the police, government departments, and the NHS are experienced in safeguarding sensitive data. The next section turns to look specifically at providing the TT&T app to police forces and related specialist police units across England and Wales.

Until the legislation can be amended to provide the police with direct access to the TT&T app, there are several interim measures that could significantly assist in the identification of criminal activity and criminal investigations. This includes joint operations between Trading Standards (who have access to the app) and the police.



Recommendation:
Amend legislation to extend access to TT&T

The current legislative framework in which TT&T sits restricts both access to the app/database and the use of the data generated. At present only HMRC (or anyone acting on their behalf) can access the TT&T app for the specific purpose of enforcing the traceability restrictions. This unduly limits the potential of TT&T and prevents it from becoming a pivotal tool in the investigation and evidencing of crimes beyond counterfeit tobacco. The opportunity being missed is significant. The exclusion of all law enforcement agencies, other than HMRC, from TT&T can only benefit the criminal. There are many ways in which the data could be utilised to investigate and evidence a range of serious crimes. In addition to law enforcement, there are multiple national agencies that would also benefit from the aggregate data being routinely supplied to them, such as the NHS. The legislation should be revisited and amended in a way that maximises the use and efficacy of TT&T data.

²³ The guidelines seek to protect public health policies with respect to tobacco control from commercial and other vested interests of the tobacco industry. Available at: <https://fctc.who.int/publications/m/item/guidelines-for-implementation-of-article-5.3>

Police access to TT&T: Identifying Criminal Networks and Intelligence Gathering

In October 2023, the National Police Chief's Council (NPCC) published the Retail Crime Action Plan.²⁴ There are three key commitments within the Action Plan that address specific concerns relating to serious, violent, and prolific offenders. One of the commitments is to follow all reasonable lines of enquiry, including 'where property is stolen with unique features, such as a serial number, police will seek to recover it and obtain evidence.' The TT&T unique ID codes provide such 'unique features' and offer police a significant opportunity to expose hitherto hidden criminal networks.

There has been some information distributed to police forces e.g. the National Business Crime Centre (NBCC) issued a newsletter²⁵ advising forces about its existence and potential uses, but overall, it is thought unlikely that many police officers are familiar with, or even aware of, TT&T.

“ *Some of the detail about TT&T is quite technical so I can imagine if you're a police officer, you wouldn't have come across it. Unless it's specifically in your remit, you wouldn't know this tool existed. If you want to shrink the black market for illegal tobacco, then give the police the power to track and trace products that are being sold illegally in stores. There are lots of independent retailers out there that are doing this, and the police must get reports and tip offs, but they struggle to evidence it.* (Trade Association representative 1).

“ *We had an incident last year where about £20,000 of tobacco was stolen during a robbery of someone loading it into their car at the wholesalers. I put an alert out in live time to a list of officers because we knew the vehicles being used. They spotted the vehicle and following a pursuit they recovered the tobacco. You wouldn't believe the difficulty we had trying to get that tobacco matched to the tobacco that had been stolen at the wholesalers. The police officers were not aware about Track and Trace. The information has not been fed down to the officers on the ground. Even if HMRC retain sole access to the portal, the police at least need to be aware of its existence and the process for checking tobacco against it.* (National Business Crime Solution (NBCS) representative).

Recommendation:

Awareness training across police forces and other law enforcement agencies to inform about the existence of Tobacco Track and Trace, how it works, and how they can request HMRC to provide information on a tobacco product that is suspected to be stolen or otherwise potentially holds information important to a criminal investigation.

There is a need for more systematic awareness training within forces to ensure that TT&T is being used to its full potential within criminal investigations.

²⁴ NPCC (2023) Retail Crime Action Plan. Available at: <https://nbcc.police.uk/images/2023/News%202023/Retail%20Crime%20Action%20Plan%20-%20October%202023.pdf> (accessed 10.11.23).

²⁵ The NBCC (2024) newsletter available here: <https://nbcc.police.uk/images/newsletters/pdf/feb-24.pdf>



Illuminating criminal networks

While the techniques being used to steal tobacco products are well-known, there was far less clarity relating to where stolen tobacco how and where stolen tobacco was then sold on. Several stakeholders pin-pointed this as a key intelligence gap.

“ I’ve been monitoring this for five or six years, but I don’t see much intelligence on where the stolen cigarettes are going. There is a big intelligence gap when it comes to where it ends up. The hypothesis is that it ends up in rogue backstreet retailers and cash and carries. That’s where we need TT&T to fill that intelligence gap. (National Vehicle Crime Intelligence Service (NaVCIS) representative).

“ There are many intelligence gaps that we would love to fill and Track and Trace would be hugely helpful. When there are seizures it would open up the opportunity to identify where the tobacco is going. We have a lot of seizures at ports and Track and Trace could turn a big mass of cigarettes into intelligence. (Analyst, Opal (national intelligence unit focused on serious organised acquisitive crime (SOAC)).

“ I thought being able to track tobacco through the supply chain was the whole point of track and trace. All the effort and investment that has gone into it and what’s the benefit? Personally, I’m not sure what track and trace is there for. If used more broadly than just for tax it would be a deterrent, to the people that are stealing tobacco and those that buy it. (Logistics, Risk and Compliance Lead, Major National Retailer).

Recommendation: Awareness and tactical campaigns

It’s important that retailers are educated about a) the traceability of tobacco products (this is likely to act as a deterrent for buying illicit products for some), and b) the potential consequences of handing stolen goods. An **awareness campaign** involving mail shots to relevant businesses to boost compliance with Tobacco Track & Trace requirements, raise the prominence of the new penalties introduced under the Finance Act 2022, as well as the separate penalties for handing stolen goods under the Theft Act which can result in imprisonment for a maximum of 14 years. An awareness campaign will go some way to disrupting the market for illegal tobacco products. In addition, a **tactical campaign** targeting suspected premises in combination with test purchases would likely deter businesses from buying/selling illegal tobacco (and other goods). There is often a lot of local intelligence about businesses that are suspected of stelling stolen goods.

Conclusion

The illegal sale of tobacco products has far-reaching consequences for businesses, the health agenda, and the public purse. Tobacco theft has emerged as a lucrative proposition for organised career criminals who exploit its relatively hidden nature and operate with the knowledge that not only is there a low likelihood of detection, but if they are apprehended, the penalties will likely be minimal if they do not use or threaten violence during an offence. It cannot be right that offenders repeatedly take this calculated risk, and it repeatedly pays off. Tobacco Track & Trace holds the vital key to disrupting the black market for stolen tobacco. Once considered untraceable due to the uniform appearance of tobacco products, and therefore impossible to link to specific crimes and offenders, the introduction of unique identifiers on every packet of tobacco changes this.

Introduced across the UK in 2021 with the primary aim of identifying illegal tobacco (defined by HMRC as 'any tobacco product that is sold in the UK without the payment of excise duty'), the potential for TT&T to assist in the identification, investigation and prosecution of serious and organised criminals is as significant as it is important.

As cigarette and rolling tobacco prices increase and further legislative restrictions are introduced, the demand for stolen and illegal tobacco products on the black market is likely to increase. The three-pronged strategy relating to education, intelligence, and enforcement, outlined in the recommendations of this report, provides a novel opportunity to use Tobacco Track & Trace to get ahead of the criminals seeking to profit from illicit and stolen tobacco and drive down this harmful crime.