



Ms. Tara Kelly
Clerk to the Assembly
British-Irish Parliamentary Assembly
Leinster House
Kildare Street
Dublin 2

29 May 2015

Dear Ms. Kelly,

**Re: Report on Cross- Border Policy Cooperation and Illicit Trade of Committee A
(Sovereign Matters) of the British-Irish Parliamentary Assembly**

I wish to take this opportunity to thank the members of Committee A of the British-Irish Parliamentary Assembly for the report on Cross Border Police Co-operation and Illicit Trade.

The issue of cross board illicit trade is very important and I value the research carried out in this area as well as the examination of the overall co-operation of authorities on both sides of the border.

I welcome the findings of the Committee that:

- the current level of cooperation between An Garda Síochána and the PSNI was excellent with evidence that both police forces worked closely together, formally and informally, on many issues.
- the joint Cross-border Policing Strategy, first launched in 2010, has contributed to the detection of criminal activity and better public safety across the island of Ireland by enhancing the policing capabilities of both police services.
- an all-island approach is necessary to tackle cross-border illicit trade. In this context I note the Committee's welcome of the development of the multi-agency Cross-border Fuel Fraud Enforcement Group and the Cross-border Tobacco Fraud Enforcement Group since its last inquiry.

Shadow economy activities, such as fuel fraud and tobacco smuggling, puts jobs at risk as well as reducing Exchequer returns. In 2011, responding to a dramatic increase diesel laundering, a new strategy was implemented by the Revenue Commissioners, including new supply chain controls and more intensive and coordinated enforcement activity. This strategy is paying dividends. A report recently published by the Revenue Commissioners - The Oil Market In Ireland: Duties, Prices and Consumption - indicates that there has been a significant reduction in diesel laundering and a corresponding increase in legitimate diesel usage.

Following a joint process, Revenue and HM Revenue and Customs introduced a new fuel marker earlier this month and this will provide a significant boost in the fight against illegal fuel laundering in both jurisdictions.

Revenue cooperates extensively with An Garda Síochána in combating the illicit trade, and the relevant agencies in the State also work closely with their counterparts in Northern Ireland, through the cross-border group on tobacco enforcement, to target the organised crime groups that are responsible for a large proportion of the illegal tobacco market.

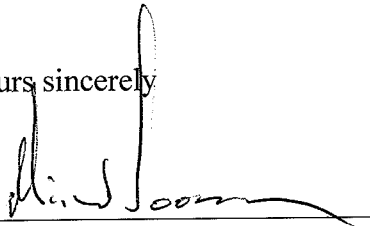
These measures are maintaining pressure on tobacco smugglers and led to seizures of cigarettes valued at €25.5 million in 2014.

The Report also makes reference to the resources committed to tackling this illicit trade. In this regard, the Revenue Commissioners currently has approximately 2,000 staff engaged on activities that are dedicated to targeting and confronting non-compliance. These front-line activities include anti-smuggling and anti-evasion, investigation and prosecution, audit, assurance checks, anti-avoidance, returns compliance and debt collection. The Revenue Commissioners are committed to ensuring that enforcement work will continue to be resourced to the maximum extent possible.

There are of course areas which can be improved upon as this report highlights and if there is an opportunity to further strengthen the legislation in the upcoming Finance Bill, I will not hesitate to do so.

I have introduced many legislative and administrative measures in recent years to help tackle the issue of cross-border illicit trade, and these measures are achieving results. As Minister for Finance, I will not take anything for granted and we will continue to review and improve the situation. To this end the report offers interesting recommendations and insights that will be considered by officials in both the Department of Finance and Revenue.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Michael Noonan', with a long horizontal flourish extending to the right.

Michael Noonan T.D.
Minister for Finance