

Crime groups using illicit tobacco to finance drug trade and terrorism as cigarette prices soar, says Australian Criminal Intelligence Commission

Exclusive by defence correspondent [Andrew Greene](#)
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The illegal tobacco trade may be fuelling terrorism, Border Force warns. (7.30 Report)

Australia's soaring cost of cigarettes is presenting lucrative opportunities for international organised crime groups who are turning to illicit tobacco as a "low-risk and high-reward" trade.

The Australian Criminal Intelligence Commission (ACIC) says there is growing evidence serious and organised crime cartels are also using the enterprise as a platform for further illicit activities including drug importations and terrorism.

The peak criminal intelligence body has issued the blunt warning as the price for a regular pack of 25 cigarettes in Australia can sell for more than \$50 (or \$2 a stick), because of the world-highest tobacco taxes.

"As the cost of legal tobacco products continues to rise through frequent increases in excise, serious and organised crime groups are taking advantage of the opportunity to make more illicit profits," ACIC CEO Mike Phelan told the ABC.

Key points:

- Law enforcement organisations say crime cartels are using illegal tobacco as a platform for further illicit activities
- More than 264 tonnes of illicit loose tobacco and 540 million cigarettes have seized and destroyed since 2018
- But authorities say much of the tobacco is not caught

"The amount of profit organised criminals make on just one container full of cigarettes, means that they only need one out of 30 containers to get through to still make a profit.

"While the profits are not as much as illicit drugs, the penalties are a lot less and the risk reward pay-off is a lot more favourable to organised crime groups."



Police uncovered almost 30 tonnes of illegally grown tobacco plants (Supplied: Queensland Police)

More than 264 tonnes of illicit loose tobacco (known colloquially as chop-chop) and 540 million cigarettes have seized and destroyed since the formation of the Illicit Tobacco Taskforce in 2018, but authorities acknowledge much of the product is not intercepted.

Since 2016, nicotine consumption has been monitored by the ACIC as part of the National Wastewater Drug Monitoring Program, with data suggesting overall consumption has remained relatively stable in Australia despite growing taxation on legal products.

"Consumption of nicotine has been substantially higher in regional areas compared to capital cities throughout the life of the program and variable between sites," Mr Phelan said.

"Nicotine use nationally has only fluctuated within a relatively narrow range during the course of the program."

Over recent years, industry groups have grown increasingly frustrated at the growth of the illicit tobacco market, complaining of a surge in pop-up tobacco shops selling illegal product in plain sight of legitimate retailers.

In 2020, Australian Federal Police (AFP) told a federal parliamentary inquiry into illicit tobacco that the "profits generated from illicit tobacco provide funding to other criminal activities".

Last week, AFP Commissioner Reece Kershaw warned drug cartels and other organised crime groups are also being infiltrated and assisted by hostile foreign governments to launder dirty cash and peddle illegal substances in Australia.

At the most recent Ministerial Meeting on Counter-Terrorism and Transnational, Serious and Organised Crime (TSOC) held in March, police ministers from across Australia agreed to consider "enhanced efforts" to tackle illicit tobacco.

Source: <https://www.abc.net.au/news/2022-06-18/organised-crime-turning-to-illicit-tobacco-trade-cigarette-price/101158958>