

IRA's cigarette-smuggling millionaires: Former terrorists flooding the UK with potentially lethal fakes, cheating taxpayers of billions

- **The illicit smokes are believed to be made in China from recycled stubs**
- **Gardai and Irish customs are probing two IRA leaders over the racket**
- **It is feared that profits from the smuggling are funding terrorist groups**

By [Stephen Wright](#)

PUBLISHED: 21:36 GMT, 6 June 2013 | **UPDATED:** 21:39 GMT, 6 June 2013



Under investigation: Brian Arthurs, 48, previously named as a member of the IRA's ruling Army Council, is believed to be involved in the racket alongside convicted terrorist and cigarette smuggler Aidan Grew, 57

They are packaged as recognised brands and sold at a cheaper price – depriving the taxman of billions of pounds in lost revenue.

Details of the racket – which helps fund terrorism – emerged as a watchdog report said HM Revenue and Customs had failed to meet any of its targets on reducing the smuggling of illicit tobacco into the UK.

Senior Gardai and Customs officers in Ireland told the Mail that leading figures in the dissident republican terror group the Real IRA are being investigated on suspicion of masterminding a global smuggling operation in cigarettes.

They said that between 150million and 200million of its smuggled cigarettes end up in Britain each year, generating annual profits of up to £80million.



Fake cigarettes: Suppliers in China employ ‘workers’ to collect cigarette butts from rubbish bins and recycle the contents into new cigarettes

HMRC estimates that in 2010-11 alone, duty was not paid on 9 per cent of cigarettes and 38 per cent of hand-rolling tobacco smoked in the UK at a cost of £1.9billion in lost taxes.

Industry sources say the lost revenue for 2012 will be up to £1billion more (£2.9billion), after accountants KPMG said there was a 63 per cent increase in the illicit cigarette trade last year.

Suppliers in China employ ‘workers’ to collect cigarette butts from rubbish bins and recycle the contents into cigarettes for export through Eastern Europe, Greece and Italy.

From there they find their way to Holland or Spain and then on to Ireland and the UK. They are sold by unscrupulous newsagents and on the streets throughout the UK.

The man who is being investigated over masterminding the cigarette smuggling is Brian Arthurs, 48, previously named as a member of the IRA’s ruling Army Council.

He was jailed for 25 years in 1995 for possession of explosives. Senior law enforcement sources say they are considering intelligence that Arthurs, once a commander of the IRA’s notorious East Tyrone Brigade, runs the operation with a convicted terrorist and cigarette smuggler called Aidan Grew, 57.

Both men deny the allegations. In January, Arthurs admitted more than £250,000 of mortgage fraud at Belfast

Crown Court.

But controversially, he was given a two-year suspended prison sentence after being deemed not to be a threat to the public.

Terrorist Grew got 15 years in the mid-1980s for a landmine attack on loyalists. He was also jailed for three years, suspended for two, in 2011 for failing to pay a £500,000 confiscation order relating to millions of contraband cigarettes.

He had pleaded guilty in 2008 to evading duty.



Probe: Senior Gardai told the Mail that leading figures in the dissident republican terror group the Real IRA are being investigated on suspicion of masterminding a global smuggling operation in cigarettes

Last month David Cameron blocked attempts to have all cigarettes in Britain sold in plain packets partly because it would further enrich republican terrorists.

But despite the PM's decision, new European laws, which Britain will be forced to adopt, could make Real IRA smugglers like Grew even richer and cost taxpayers billions more every year.

The Tobacco Products Directive, which is currently being pushed through the European Parliament, will mean all cigarettes in Europe being sold in identical plain packaging and will ban menthol cigarettes completely. Britain will be forced to adopt the EU Directive or face huge rolling fines from Brussels for not implementing it.

'These new laws are a fundraising charter for dissident republicans,' said a security source who has spent his career battling the IRA. 'Banning these products will give smugglers a huge and instant increase in the size of their black market at the expense of ordinary British taxpayers.'

Ex Ulster deputy chief constable Alan McQuillan told the Mail: 'Cigarette smuggling is almost a Cinderella crime. There are few law enforcement agencies really focusing on it. The profits can be higher than drug smuggling and the penalties are far smaller.'

‘Counterfeit cigarettes are often made in unhygienic underground factories where they can be contaminated with anything from rat droppings to polonium.

‘On every level this is a crime that damages the public purse, funds terrorism and crime and damages health.’

■ Gillingham in Kent is thought to be one of the worst places for selling illicit cigarettes. A BBC survey found more than 50 per cent of empty packets – which came from Poland, Lithuania and Belarus – were either smuggled or fake.