

Cigarette Smuggling Merry-Go-Round where One Thing Leads to Another

**By Christine McHale
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The Canadian Tobacco Manufacturers' Council released a study stating the trade in illegal cigarettes is thriving in Ontario and Quebec.

Business is booming when you consider that the Federal Government loses about \$1.6 Billion in revenue each year to lost taxes on illegal cigarettes. An average carton of cigarettes, 200 per carton, costs about \$67.00. Of that, about \$40.00 is tax, both federal and provincial, based on Ontario provincial tobacco tax rates.

Illegal cigarettes sell for about \$6.00 per 200 cigarettes, so the temptation for many smokers is hard to resist. In Ontario, the volume of illegal cigarettes is about 53.8 percent of the total illegal cigarette trade, and in Quebec, that volume is about 41.1 percent.

The percentage of smokers buying illegal cigarettes in Ontario rose to 31.6 percent in 2007, up from 23.5 percent in 2006. In Quebec the percent of smokers who buy illegal cigarettes is around 37 percent.

The study also stated that a whopping 95% of all illegally manufactured cigarettes are manufactured on native reserves.

Now if you're thinking 'who cares if the government is out of pocket', think again. Business suffers as well. Remember the ads on TV that stated when one person shoplifts, everyone pays the price. I believe the slogan was, "shoplifting costs us all". Well, the government will recoup the \$1.6 Billion loss by either raising taxes somewhere else, or finding new ways to tax us. So we ALL lose.

It is absolutely unacceptable that our governments are doing little to nothing to stop such organized crime. And yes, this is definitely organized crime.

An RCMP report on native organized crime in the Akwesasne Reserve in Quebec, released in 2002, made the following statement:

" Since it first came to public attention in the early 1980s, the trade in tax-free cigarettes, known colloquially as "buttlegging", has now expanded to include a range of commodities such as liquor, drugs, weapons, gemstones, and, most recently, human migrants. Caught up in debates around aboriginal and treaty rights, enduring Mohawk nation sovereignty and patriotism, economic self-determination and the politics of resistance, the community of Akwesasne has been riven by smuggling and a growing national reputation as the epicentre of "aboriginal organized crime".

Since 2002, the problem has only increased. Also, in the study released by the Canadian tobacco Manufacturers' Council, the statement was also made that illegal cigarette smugglers also smuggle drugs, alcohol and guns.

I spoke with an RCMP officer earlier this year, when doing other research on cigarette smuggling on native reserves in the Akwesasne area and he told me that the cigarette smuggling follows a cycle. Cheap cigarettes are smuggled into Canada from the US, mainly

through native reserves. Many of these cigarettes are manufactured in Canada, exported into the US, then smuggled back into Canada without paying taxes and duties. They are then sold on the streets in Canada. The money is used to buy mostly marijuana and other drugs, which is smuggled into the US, again through the native reserves. This is sold on the streets in the US and the money is then used to purchase guns, which are smuggled into Canada - you guessed it - through the native reserves.

Now, most tobacco used in the manufacturing of illegal cigarettes on native reserves, comes from Africa and China as loose or bulk tobacco.

I also spoke with the president of the Mackenzie Institute and he stated that smuggling through native reserves could also easily include human smuggling. After all, the smugglers see this as a business enterprise, and money is money. If the price is right, they will smuggle anything.

According to the RCMP, the vast majority of illegal guns smuggled into Canada come through native reserves where little or no border security exists.

The Mackenzie Institute ran a series of articles about native organized crime and in one article made the following statements:

"The Warriors of the 1990 Oka Crisis were armed through organized crime and smuggling operations."

And if you think that guns are the only weapons smuggled in from the US through native reserves, or bought by natives with money made from cigarette smuggling, consider the following statements from the Mackenzie Institute:

"In Canada, a US military 40mm grenade launcher can be purchased without a Firearms Acquisition Certificate because its low muzzle velocity means that it is technically not a firearm."

"A boy playing in a barn near Ohsweken found crates of ammunition. Another boy accurately described an Argentine 40mm grenade launcher to his parents. Someone else exposed a researcher for this paper to considerable risk and showed him nine crates of ammunition for military rifles and a crate of ammunition holding 2,000 rounds for a .50 calibre machine gun on the private property of one of the Six Nation's Silks in the south-east of the Reserve. This will have been cached long since. Another Six Nation member tells of seeing what he believes to be the pistol grip/magazine housing of an Uzi submachine gun protruding from behind the counter at [one of the smoke shops]."

"The Armed Forces, using 10 years of accumulated reports from local media sources in Upstate New York, announced that the Warriors had medium machine guns, M-72 anti-tank rockets, and some heavy machine guns. The Army found 14.5mm cartridge casings after the stand off at the Treatment Centre (which suggests something to fire the huge 14.5mm Soviet machine gun cartridge was nearby). Search teams pulled in a .50 calibre Barnett sniping rifle and assault rifles, along with a number of shotguns and hunting rifles in Kahnawake. A medium machine gun was seen in Warrior Hands at the 1979-80 Racquette Point Siege in Akwesasne. Assault rifles were abundant at Oka, these included AK-47s, M-16s and Mini-14s (the weapon used at the 1989 Ecole Polytechnique massacre). Pistols were common and some Warriors carried RPK light machine guns. Military radio intercepts of Mohawk communications during the crisis turned up references to heavy weapons: Particularly to M-60 machine guns, a Browning machine gun, M-72 anti-tank rockets and a .50 calibre machine gun."

"Even before the Oka Crisis, Tony Laughing showed reporters 14 markedly identifiable SKS assault rifles and bayonets stacked in his Akwesasne Casino. The Band Police in Six Nations seized several AK-47s and an Uzi submachine gun from Warrior Society members. A 1988 internal directive to members of the Warrior's Society instructed them to acquire weapons and stocks of ammunition."

"Specified weapons include AK-47s, RPK machine guns or SKS carbines which fire the 7.62mm Russian cartridge, M-16s or Mini-14s which use the 5.56mm NATO Cartridge, or FN or M-14 rifles which chamber the 7.62mm NATO cartridge. Shotguns must fire 12 Gauge ammunition. These cartridges are common military/police munitions. The researcher who was shown the ammunition stockpile in Six Nations in April 1993, reports that three crates each of the above rifle cartridges were present. Crates hold 1,600 to 4,000 rounds, depending on the cartridge."

"Some of the exiles from Akwesasne report that there is a brisk trade in Glock 9 mm pistols (famed for high standard of workmanship in their manufacture and their large magazine capacity) and high-tech .50 calibre sniping rifles from gun shops in Upstate New York. A Store called Carney's in Massena is reputedly a favourite source. The .50 calibre cartridge can penetrate most armoured vehicles at 600 metres and can badly damage helicopters. The round is accurate to 2,000 metres and snipers armed with the weapon have killed and injured dozens of soldiers in body-armour in Ulster and among French and Ukrainian UN contingents in Bosnia. The Akwesasne exiles also believe that ex-Soviet Bloc firearms are being smuggled into Warrior hands."

In the United States, the Department of Alcohol, Tobacco, Firearms and Explosives stated in a report from 2003 that so much money was being generated by cigarette smuggling that it was being used to fund terrorist activity.

The really shocking statistic is that so very few natives are to blame for so much organized crime. The total native population of Canada is about 3 percent and of that only about one third, or about 1 percent live on reserves. Of this 1 percent, only a small number engage in smuggling and organized crime.

So one asks the obvious question, why haven't governments and police concentrated their efforts on closing down the illegal manufacturing of cigarettes on native reserves?

After all, we've read about the recent raids by the OPP, the RCMP and the Sûreté du Québec on biker gangs and their 'houses' of operation. So we know that police will go after organized crime.

To be sure, the RCMP, the OPP and the Sûreté du Québec do arrest many natives with illegal cigarettes and other contraband, but the vast majority of these arrests are off reserve. So why not go onto the reserves and put an end to the hub of all this organized crime?

Because the organized crime originates on the reserves, and these are seen, if not officially, as sovereign native territory. No police or government wants to touch them because they are afraid that the natives will retaliate with violence.

From a native site, the following statements were made:

"The Warrior Society denies that smuggling untaxed cigarettes into Canada is not smuggling, because such actions are "legal" within the Mohawk Nation. They claim that they are not criminals because Canadian and American law does not apply to them. Yet, they know

perfectly well that they move cigarettes through their territory, back into Canada to circumvent Canadian tax laws. While the leading warriors operate within their territory, they have created an underground business in smuggling for the sole purpose of evading taxes. This business fuels their political agenda."

Pressure must be put on government to change how they view native reserves. After all, countries all over the world fight crime by securing their borders and stopping as much smuggling as possible. If the native reserves are to be treated as sovereign territory, then the borders around them must be treated like any other international borders. All people crossing these borders must go through proper crossing points and must be checked.

It is interesting to note that the chief of the Akwesasne reserve sent a letter to Federal Public Safety Minister Stockwell Day telling him that border guards at the Akwesasne reserve must be exempted from being armed. This was when Stockwell Day announced plans to arm Canada's border guards. One wonders why the chief was so opposed to a plan that would crack down on crime, namely smuggling, in the Akwesasne reserve? Too much money at stake perhaps?

Imagine what would happen to you and I if we were to try crossing into the US, or the other way around, while smuggling illegal contraband. We would be arrested, prosecuted and jailed. A Canadian woman was just recently sentenced to 40 years in prison from smuggling 1,500 pills into the US.

Since, according to the survey released by the Canadian Tobacco Manufacturers' Council, illegal cigarette smuggling is rapidly increasing, we know that our governments are not doing enough. More police are needed and a change in attitude is needed.

Crime is crime, and criminals are criminals, regardless of race.