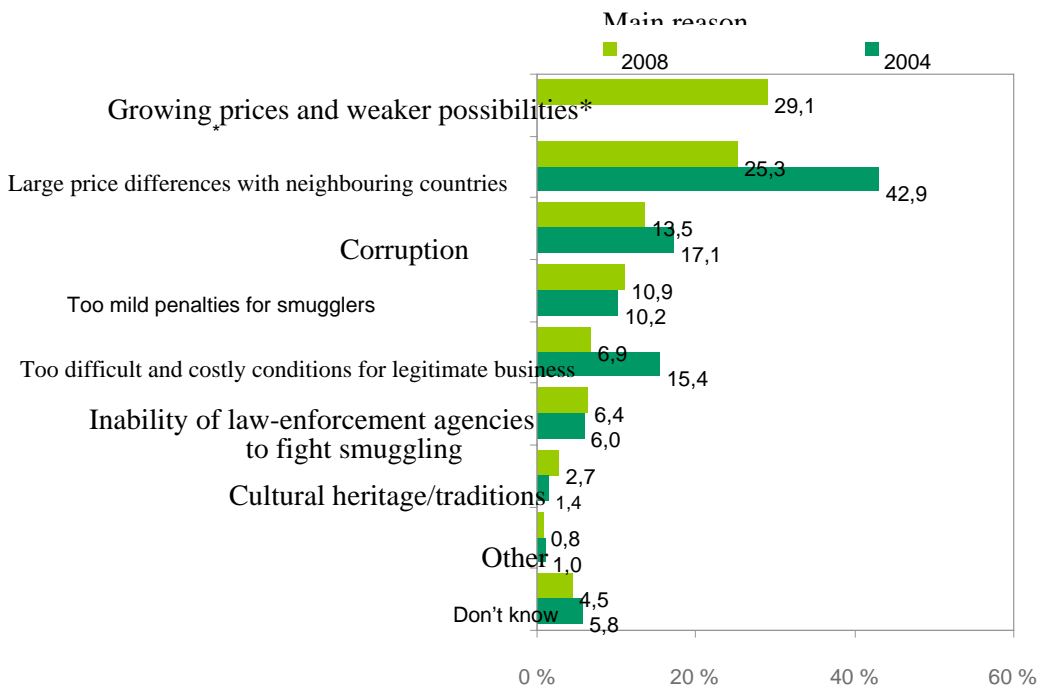


OPINION POLL: Public Perceptions of Smuggling

More than a half of the Lithuanian population (61 percent) thinks that the smuggling of cigarettes, alcohol and fuel is a serious problem in Lithuania but there are more serious problems than this.

Growing prices and large price differences with neighbouring countries and are seen as the main reasons for the spread of smuggling (29 and 25 percent of the respondents respectively). According to the survey, other important causes of smuggling are institutional: corruption, mild penalties for smugglers and the inability of law-enforcement institutions to combat smuggling. A total of 31 percent of the respondents indicated these three causes.

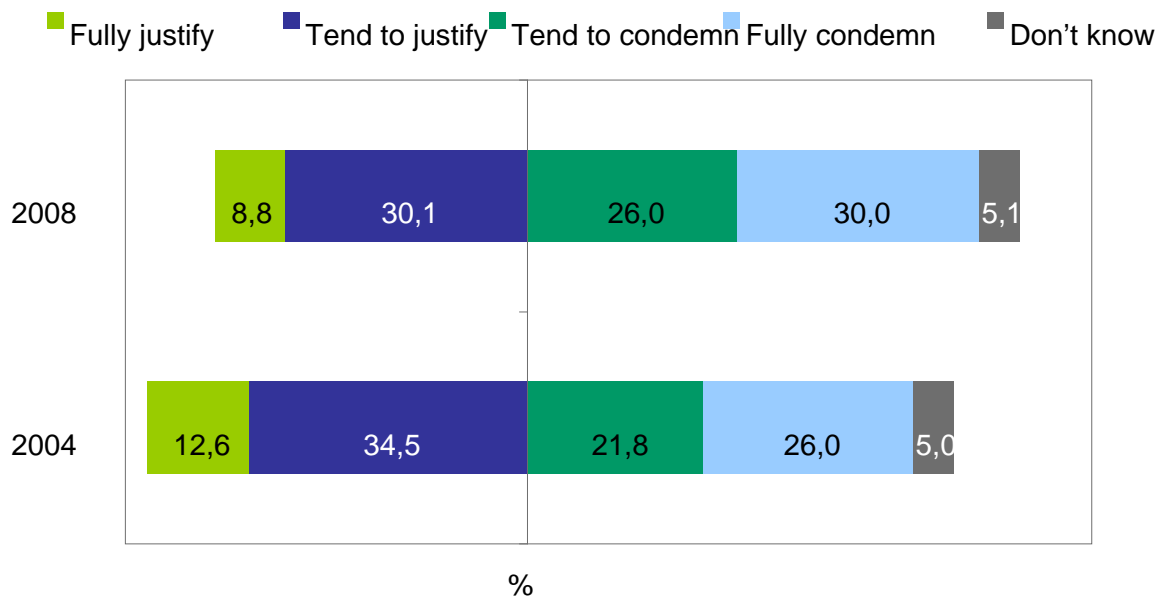
Reasons for the spread of smuggling



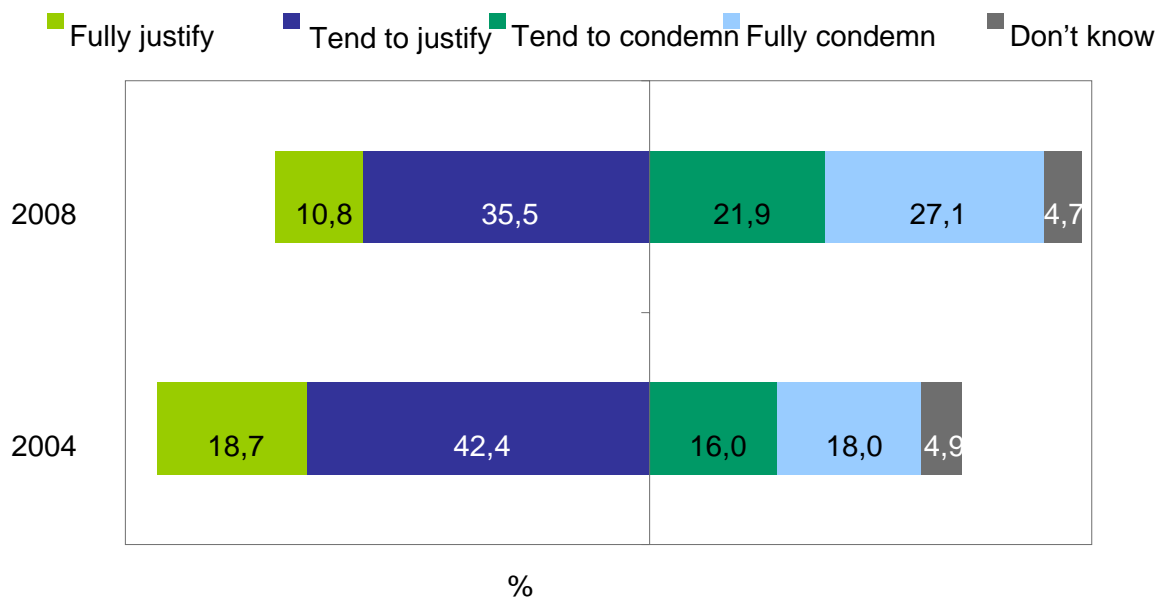
* asked only in 2008

Although people have more negative attitudes towards smuggling and the consumption of smuggled goods this year than in 2004, the degree of tolerance of these phenomena remains high. As many as 39 percent of the population totally justify or tend to justify smuggling (up from 47 percent in 2004) and 46 percent justify the consumption of smuggled goods (up from 61 percent in 2004).

Attitudes towards smuggling



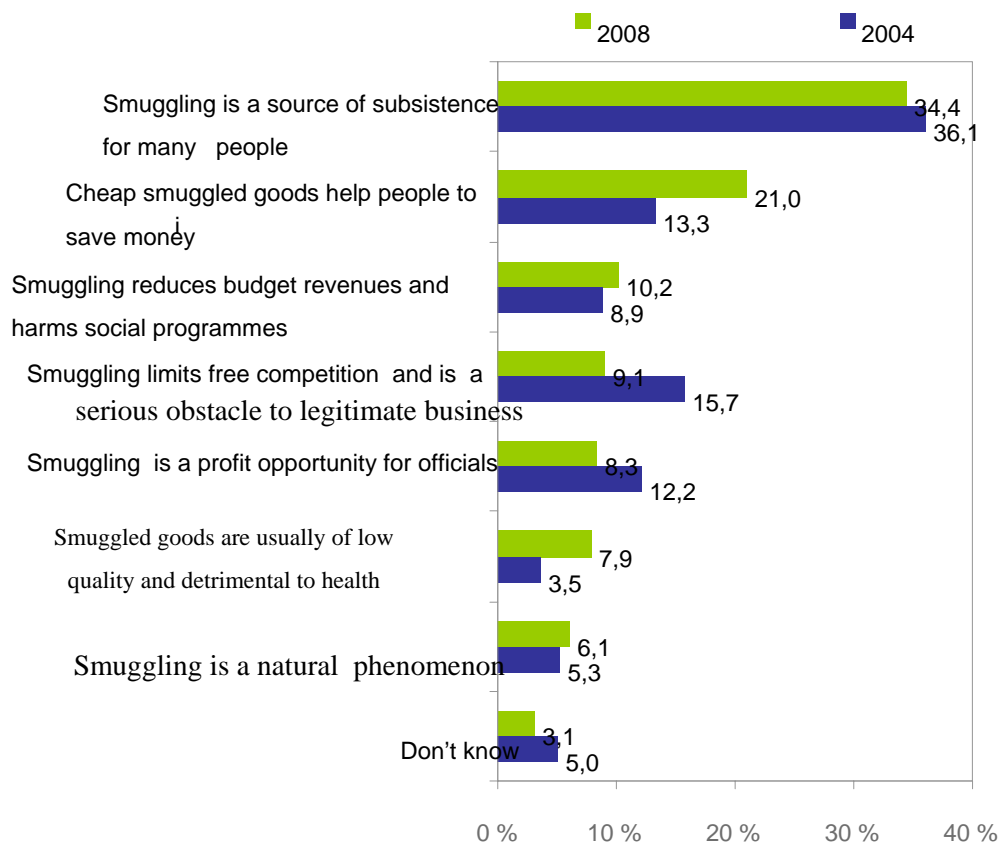
Attitudes towards consumption of smuggled goods



A higher degree of tolerance of consumption of smuggled goods can be attributed to the fact that many think that cheaper smuggled goods help people to save money. The proportion of those who think so has increased markedly since 2004 (from 13 to 21 percent).

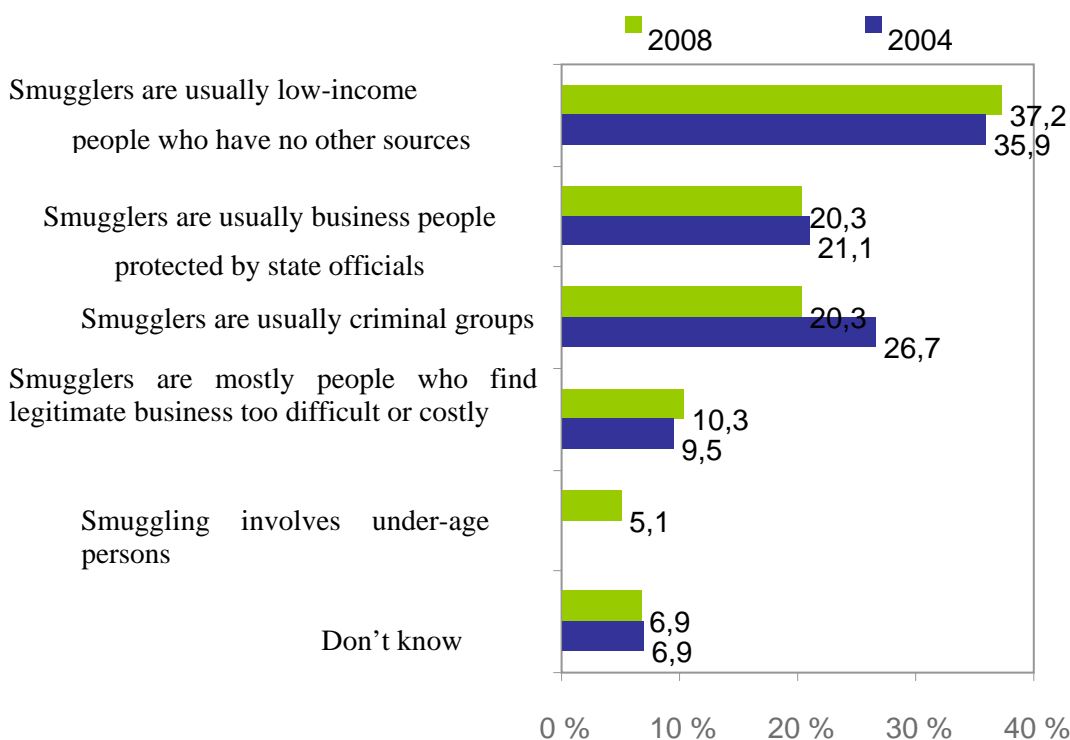
More than a third (37 percent) of those polled think that smuggling is a source of subsistence for many people and smugglers are usually low-income people who have no other sources of subsistence. A similar proportion thinks that smugglers are usually government-protected business people and criminal groups (20 percent each).

Perceptions of smuggling



Just like in 2004, people most often buy smuggled cigarettes. About one-fifth of the respondents said they bought smuggled cigarettes. It is important to note that the share of people who buy smuggled cigarettes has dropped markedly since 2004 (31 percent in 2004). The consumption of smuggled alcohol and fuel has decreased too. The proportion of those who buy smuggled alcohol fell from 19 to 7 percent and in the case of fuel, from 10 to 7 percent. One should mention the Taurage district where the proportion of consumers of smuggled goods is at least twice as big as in other districts.

Perceptions of smugglers

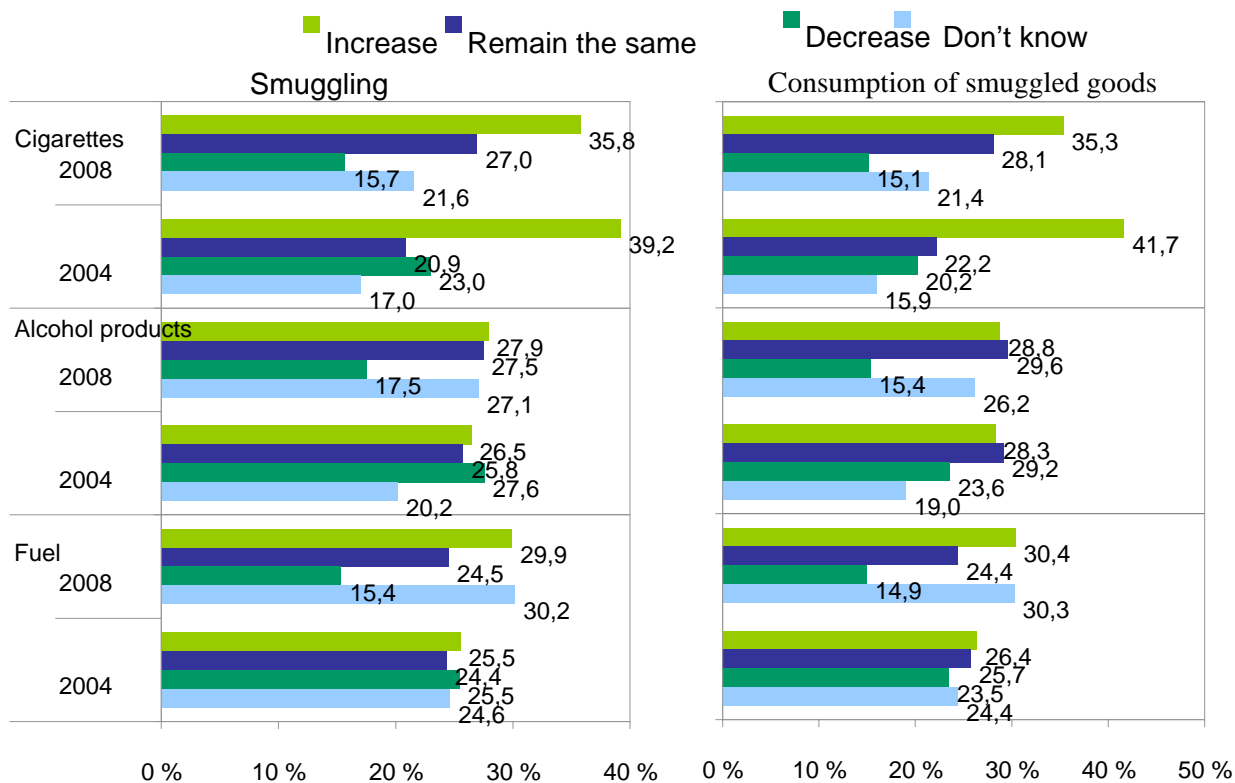


Unlike asked about their personal consumption, asked about the scope of smuggling and the scope of consumption of smuggled goods in general, most of the respondents said that the smuggling of cigarettes and the consumption of smuggled cigarettes had increased in the past three years and those of alcohol and fuel had not changed. Such a difference can be explained by the fact that the general level of smuggling was estimated by all respondents, while the data about personal consumption reflect only the answers of those who buy smuggled goods.

A total of 36 percent of the respondents think that smuggling will increase over the next three years, but a bigger share of the population (43 percent) think that it will not change or decrease. It is predicted that the smuggling of cigarettes and fuel will grow the most. The Taurage district stands out again: the proportion of Taurage district inhabitants who reported such forecasts is double the average.

Mistrust of the quality of smuggled goods is the main reason why people do not buy smuggled goods. The share of people who do not buy smuggled goods for this reason has increased from 31 to 44 percent. The proportion of those who do not buy smuggled goods because this contravenes their morals has increased markedly too (from 11 to 19 percent), while the share of the population who do not know where to buy smuggled goods has dropped significantly (from 28 to 12.5 percent)

Expected trends in the next three years



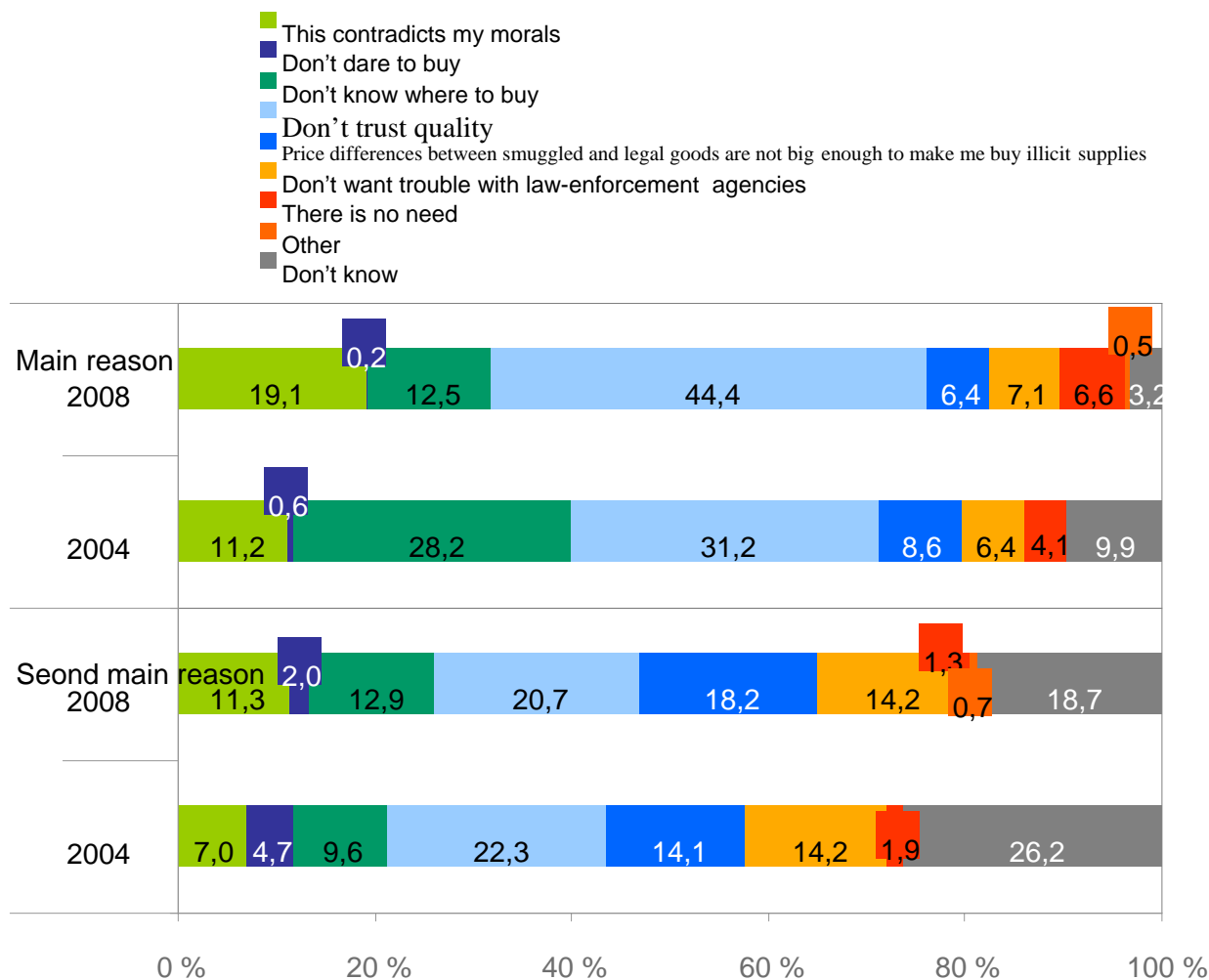
Most often smuggled goods are bought in marketplaces and from acquaintances. Very rarely they are purchased in kiosks and shops. In smaller living areas smuggled goods are bought from acquaintances twice as often as in large cities, while residents of large cities buy them mainly in marketplaces.

Just as in 2004, tax cuts and the reduction of corruption are seen as the most effective ways to combat smuggling (72 and 75 percent respectively). The strengthening of border control is indicated as the third main policy for fighting smuggling, but a small proportion of those polled think that increasing the number, powers and salaries of law-enforcement officials would be effective measures. Education and tighter penalties for smugglers are seen as fairly important in fighting smuggling.

Most people think that the responsibility for the spread of smuggling falls on state leadership and politicians (together 43 percent). The proportion of those who think that the whole society is responsible for the spread of corruption has increased since 2004 and the share of those who blame law-enforcement leadership has decreased accordingly.

Most often people think (41 percent) that Lithuania's border permeability for smuggling has not changed since Lithuania joined the European Union on May 1, 2004. Yet, the proportion of those who think that border permeability has increased is bigger than of those who think that it has decreased (26 and 11 percent respectively).

Reasons why people do not buy smuggled goods



The purpose of this survey was to elicit public perceptions of smuggling of excise goods, including cigarettes, alcoholic drinks and fuel, the spread of smuggling and consumption of these goods as well as the causes, peculiarities and trends of smuggling. The survey was designed to find out about Lithuanian people's personal experience and degree of tolerance of smuggling and public perceptions of the effectiveness of anti-smuggling policies.

This opinion poll was carried out by a public opinion and market research company "TNS Gallup" in February 2008.

The principle of an Omnibus poll through a method of direct interview at a respondent's place was used. A total of 1,000 respondents were interviewed. The opinion poll represents all inhabitants of Lithuania aged 15 to 74.