



Frequently asked questions

Illicit tobacco trade

Q: What is the magnitude/size of illicit tobacco trade in the Eastern Mediterranean Region

Transparent and public data on illicit tobacco trade are missing in most countries of the Region and are not available in the reporting instruments of the WHO FCTC for countries of the Region. Exceptions are Pakistan and the Islamic Republic of Iran. Although no official surveys are available in Pakistan, it is estimated that almost 17% of the total domestic market of cigarettes is illicit which includes smuggled, counterfeit and non-duty paid locally manufactured products. Some independent researchers have quantified smuggled cigarettes as 5% of the total domestic market (Source: Federal Board of Revenue, 2012). In the Islamic Republic of Iran, a study by researchers at the country's Tobacco Control and Prevention Research Centre found that 21% of all cigarettes on the market in Tehran in 2009 were illicit.

According to Euromonitor, the share of illicit total cigarette consumption in Tunisia increased from 12% in 2008 to 28% in 2013, peaked at 24% in Egypt in 2012 and was more than 20% in the United Arab Emirates in 2013. It is likely that political unrest, conflict and reduced border security have facilitated illicit tobacco trade in parts of the Region.

The World Customs Organization collects data on tobacco product seizures around the world. Although data from some countries are missing, the global share of cigarette seizures in the Middle East in 2012 was rather low (less than 1% of all seized cigarettes globally). The low figure for the Middle East can be explained by the low level of seizures and by the low level of reporting of such seizures to the World Customs Organization.

In terms of other tobacco products, the World Customs Organization noticed a significant increase in 2013 in the quantity of chewing tobacco seized, which in 2012 amounted to 7997 kg compared to 37 844 kg reported in 2013, reflecting an increase of nearly five times. An increase in figures from 2011 to 2012 had already been noted.

For waterpipe tobacco, a significant increase in the number of seizures has been observed; however, this increase is not reflected in the total quantity seized (75 056 kg in 2013) due to the small quantities seized (i.e. 1 kg or less), which was not the case in 2012.

Q: What is the effect of illicit tobacco trade?

The availability of inexpensive, illicit cigarettes increases consumption and the risk of premature deaths due to tobacco use. Eliminating or reducing this illicit trade helps to reduce consumption by increasing the price and reducing premature deaths. Consumption would fall if illicit trade were eliminated because in most countries, illicit cigarettes are much less expensive than their legal, fully taxed equivalent. As illicit trade is reduced, the overall average price of cigarettes goes up, and consumption consequently goes down.

Illicit tobacco undermines the effectiveness of tax policies, leads to over US\$ 40 billion in lost revenue globally and increases the availability of inexpensive cigarettes. If the global illicit trade were eliminated, governments would gain at least US\$ 31 billion in income and from 2030 onwards over 160 000 lives a year would be saved.



Q: What is the role of the tobacco industry in illicit trade?

Evidence of the direct and indirect involvement of the tobacco industry in cigarette smuggling is well documented, on the basis of internal documents, its own admission and court judgments. According to research on internal documents, evidence of the complicity of transnational tobacco companies in cigarette smuggling extends to Lebanon and the Middle East, where this trade has benefited from weak governance and chronic political instability. In 2000, the deputy chairman of British American Tobacco believed that where any government was unwilling to act or their efforts were unsuccessful, the tobacco companies would act, completely within the law, on the basis that their brands would be available alongside those of their competitors in the smuggled, as well as the legitimate market.

In July 2008 and April 2010, three tobacco companies in Canada pleaded guilty and admitted that they aided persons to sell or be in possession of tobacco products manufactured in Canada that were not packaged and were not stamped in conformity with the Excise Act. In the meantime, Northern Brands International Inc., a company related to RJR, pleaded guilty to a conspiracy offence under the Criminal Code.¹⁰ Since 2004, the four major international tobacco companies have paid billions of dollars in fines and payments to settle cigarette smuggling litigation in Europe and Canada. (Europe: Philip Morris International and Japan Tobacco International = US\$ 1.4 billion; ¹¹Canada: Imperial Tobacco Canada Ltd., Rothmans, Benson & Hedges and JTI Macdonald = US\$ 1.7 billion).

Q: What types of laws/policies exist to eliminate illicit trade of tobacco?

The global scope and multifaceted nature of the illicit tobacco trade requires a coordinated international response and improved global regulation of the legal tobacco trade. Illicit tobacco trade is addressed in Article 15 of the WHO Framework Convention on Tobacco Control (WHO FCTC) and by the Protocol to Eliminate Illicit Trade in Tobacco Products (ITP). In the preamble of the WHO FCTC it is clearly stated that cooperative action is necessary to eliminate all forms of illicit trade in cigarettes and other tobacco products, including smuggling, illicit manufacturing and counterfeiting. Article 15 of the WHO FCTC addresses illicit trade in tobacco products and stipulates in its first paragraph that the elimination of all forms of illicit trade in tobacco products (...) are essential components of tobacco control.

The ITP has been negotiated as a supplementary treaty to the WHO FCTC. The ITP, adopted at the fifth session of the Conference of the Parties in November 2012, will enter into force on the 90th day following the 40th ratification of the Protocol. Only Parties to the Protocol will be bound by its obligations. Enforceable measures to control the supply chain and international cooperative measures, including information sharing and cooperation in the investigation and prosecution of offences, are at the heart of the Protocol.

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