CONFRONTING ILLICIT TOBACCO TRADE:

WORLD BANK GROUP

A GLOBAL REVIEW OF COUNTRY EXPERIENCES

EXECUTIVE SUMMARY

TECHNICAL REPORT OF THE WORLD BANK GROUP GLOBAL TOBACCO CONTROL PROGRAM.

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EXECUTIVE SUMMARY

Executive Summary

Why is illicit trade in tobacco products a problem?

Tobacco use results in unparalleled health, economic, and social losses worldwide. It is estimated that 1.1 billion people smoke globally, or 21 percent of the world's adult population.[1] Tobacco kills at least half of long-term smokers, accounting for more deaths each year than HIV/AIDS, tuberculosis, and malaria combined. As a result, about 7.2 million people die each year,[2] and if the current trend continues, tobacco will kill more than 8 million people annually by 2030.[3] Low- and middle-income countries, where about 80 percent of these premature deaths occur, disproportionately carry this burden.[4] The worldwide economic costs of smoking are estimated to reach at least US$ 1.4 trillion per year, equivalent to 1.8 percent of the world's GDP. Almost 40 percent of these costs occur in developing countries.[5]

Increasing excise tax rates on tobacco to reduce its affordability and, as evidence shows, lower its consumption is a policy measure that can simultaneously save millions of lives, reduce poverty, and increase countries' domestic resources for financing development. Higher tobacco taxes improve public health, increase tobacco tax revenue, and reduce the economic burden associated with tobacco use.[6] Illicit trade in tobacco products undermines global tobacco prevention and control interventions, particularly with respect to tobacco tax policy.

Illicit trade in tobacco products impacts average prices of these commodities, therefore their affordability; it can increase disparity in tobacco use since the illegal products are disproportionally consumed by low-income populations; it increases the choice of brands, which can increase overall demand; it enhances the access to tobacco products, particularly for youth, as the illegal products are often distributed via unregulated channels; it undermines health warning and ingredients disclosure policies, since the illegal products often do not comply with the local laws; additionally, tax evasion associated with the illegal tobacco market reduces government tax revenue[7] and can alter attitudes toward paying taxes more generally.[8]

It has been estimated that the illegal cigarette market reduces average cigarette prices by about 4 percent and is responsible for about 2 percent higher cigarette consumption. This translates to about 164,000 premature deaths a year.[9] There also are concerns about the relationship between illicit tobacco trade, public safety, and governance, since illegal networks both thrive in and contribute to weak governance contexts.

In addition, tobacco business interests often use the presence of illegal tobacco products to advocate for reductions in tobacco control policies and/or to prevent tobacco tax increases. The tobacco industry commonly argues that higher taxes and prices (as well as other tobacco control measures), will motivate customers to buy illegal products rather than smoking less or quitting, and that this will impact tax revenue without a decline in tobacco use. Numerous empirical analyses, across a diversity of countries – including the case studies presented in this report – refute this argument.

What is illicit trade in tobacco products?

Illicit tobacco trade refers to any practice related to distributing, selling, or buying tobacco products that is prohibited by law, including tax evasion (sale of tobacco products without payment of applicable taxes), counterfeiting, disguising the origin of products, and smuggling. Illicit trade can be undertaken both by illicit players who are not registered with relevant government agencies, as well as by legitimate entities whose business operations are contrary to applicable laws and regulations.

In most cases, the prices of illicit tobacco products are lower than the retail price of legal tobacco products, in order to make them more attractive to consumers. For example, the average street price of smuggled cigarettes was 50 percent, 50 percent, 60 percent, and 67 percent cheaper compared to the average price of legal cigarettes in Brazil, Argentina, Uruguay and Paraguay, respectively.[10] In Malaysia, the average price of illegal cigarettes was about 55 percent lower compared to tax-paid cigarettes in 2011.[11] Unsurprisingly, the illegal nature of tax evasion makes the task of measuring its scale extremely difficult. Recent consensus among experts estimates the annual revenue loss in tobacco taxation worldwide at US$40–50 billion, that is, about 600 billion sticks (individual cigarettes), or 10 percent of global consumption[12].

Why is it important to address illicit trade in tobacco products?

As noted above, illicit trade in tobacco products contributes to numerous health, economic, and governance challenges. However, four are most salient.

» **Illicit tobacco kills.** The fundamental reason to confront illicit trade in tobacco products involves its public health impact. All tobacco products are dangerous to human health, including those produced and sold in strict legality. However, illicit tobacco harms individual and population health in additional ways. From a public health perspective, illicit trade weakens the effect of tobacco excise taxes on tobacco consumption - and consequently on preventable morbidity and mortality - by increasing the affordability, attractiveness, and/or availability of tobacco products.

- **Youth and the poor are most impacted.** Illicit cigarettes generally sell for considerably less than their tax-paid equivalents, as evidenced by the case studies presented in this book. They inflict the greatest harm to the most price-sensitive population group, reducing prices to and so encouraging consumption by, in particular, young people and those with low incomes. The availability of inexpensive illicit cigarettes increases the likelihood of young people developing addiction (particularly where illicit imports "glamorize" smoking through aspirational brands). It also encourages the poorest quintiles of the population to continue smoking, rather than choose to quit, even when tobacco taxes and the price of legal cigarettes rise. The poor tend to have higher tobacco consumption levels and consequently are disproportionately impacted by tobacco-related diseases and premature. deaths, placing them at higher risk of being pushed into extreme poverty due to costs of treatment and/or loss of income when an income-earning smoker develops a tobacco-related disease. As a result, illicit trade in tobacco products exacerbates equity gaps.
- **Confronting illicit trade in tobacco products supports improved governance.** Tobacco illicit trade, by definition, reduces revenues that would otherwise be paid to government that could be invested in tobacco control and other priority programs that benefit the population. It also negatively impacts public welfare in other ways. For instance, illicit trade in tobacco is not only inconsistent with the rule of law, but often depends on and can contribute to weakened governance (e.g., through corruption and the presence of organized criminal networks). In contrast, confronting this issue can yield broader benefits for governance - tools and capacities developed to address illicit trade in tobacco products can strengthen overall tax administration, compliance, and enforcement (including for other products subject to excise taxes, such as alcohol and fuel). Controlling illicit trade in tobacco products and enhanced overall governance are mutually reinforcing.
- **Uncontrolled illicit trade in tobacco provides opportunities for the tobacco industry to misinform public opinion and unduly influence public policy.** As emphasized in this report's country case studies and other recent analyses[13], the tobacco industry routinely uses inflated estimates of the impact of tobacco taxes on illicit trade to campaign against tobacco tax increases and misinform public opinion. By accurately measuring and better controlling illicit trade in tobacco, governments reduce industry's ability to distort policy priorities supporting improved public health, tax administration, and governance.

What causes illicit trade, and what measures can be used to confront illicit trade in tobacco products?

Contributing factors to illicit trade are complex. However, contrary to tobacco industry arguments, taxes and prices have only a limited impact on the illicit cigarette market share at country level.[14] Evidence indicates that the illicit cigarette market is relatively larger in countries with low taxes and prices while relatively smaller in countries with higher cigarette taxes and prices.[15] Non-price factors such as governance status, weak regulatory framework, social acceptance of illicit trade, and the availability of informal distribution networks appear to be far more important determinants of the size of the illicit tobacco market.[16]

Measures controlling the illicit tobacco market are a necessary component of a well-designed tobacco control policy. The degree of government effort to combat illicit trade in tobacco products is motivated both by the potential tax revenue gain and by public health gains due to lower tobacco use. Since illicit trade in tobacco products is determined by multiple factors, an effective strategy to address this issue would need to be explicitly multi-sectoral, involving all relevant agencies of government. Ideally, ministries of finance, trade, industry, foreign affairs, justice, interior, customs, education, and health would be involved, in addition to civil society and the media.[17] Vested interests of key stakeholders and public opinion regarding illicit tobacco trade can influence the degree of tax evasion and, consequently, also need to be examined.[18]

Prioritizing and coordinating control of the entire supply chain (from the fields where tobacco leaves are grown, or the port of entry, to the final purchase by the individual consumer) and enforcement of tobacco regulations have proven to be effective measures in reducing tax evasion along with the consumption of tobacco products.[19] Importantly, the WHO Framework Convention on Tobacco Control's (FCTC) Protocol to Eliminate Illicit Trade in Tobacco Products defines shared global standards for addressing illicit trade. It should be noted that the approaches to control illicit tobacco trade need to be subject to very regular surveillance, monitoring, and evaluation due to the inherently dynamic and adaptive nature of the illicit market. As emphasized in a recent IMF report on tobacco tax administration and enforcement, even in a single country, solutions that worked once might not work twice.[20]

What can countries do to successfully confront illicit trade in tobacco products?

Confronting illicit trade in tobacco products is critical to effective tobacco control in all countries. However, addressing this issue poses complex political, legal, and technological challenges. As such, illicit trade is one of the topics on which policymakers and program implementers responsible for national tobacco control most frequently request information and technical collaboration from international organizations.

The country experiences analyzed in this volume make clear that countries can and do contain or reduce illicit trade while advancing other effective tobacco control strategies, including tax increases. Indeed, the opportunities for success are greater now than ever, for countries prepared to take bold action.

In September 2018, the WHO FCTC Protocol to Eliminate Illicit Trade in Tobacco Products entered into force. By providing comprehensive norms and a framework for global cooperation, the Protocol provides countries a game-changing opportunity to advance progress against tobacco-related morbidity and mortality by challenging illicit trade in tobacco. By seizing the opportunity and intensifying action against illicit trade, in line with the Protocol, countries can harness increasing political momentum, forge global and regional partnerships for collaboration and knowledge sharing, and score decisive victories against illicit trade in tobacco in the years ahead.

To fully benefit from the Protocol, policymakers and implementers now seek to connect its normative guidance with empirical data and analysis on countries' illicit trade in tobacco control experiences to date—what has worked, what has not worked, and why. That is where this book comes in.

What this book offers

The reasons to reduce illicit trade in tobacco products are compelling. The question is ***how***. In response to demand from senior government officials and other partners, this book provides practical input and guidance based on diverse country experiences. The volume adopts a model of practice-oriented case studies designed to complement the guidelines set forth in the WHO FCTC Protocol, and other normative sources. The aim is to present hands-on facts/guidance that policymakers and implementers can readily utilize, as appropriate. The book also provides resources to inform and empower civil society watchdog and advocacy organizations.

The core contents of this volume are organized as follows. Chapter 1 provides historical, conceptual, and policy foundations of addressing illicit trade in tobacco products and analyzes the WHO FCTC Protocol on the Elimination of Illicit Trade in Tobacco Products, discusses challenges countries will face in implementing the Protocol, and highlights strategies for minimizing tobacco-industry influence over national illicit trade in tobacco products policy.

Part I (Chapters 2-7) looks at illicit trade in tobacco products control efforts in Europe (Ireland, Georgia, European Union, United Kingdom), Australia, and Canada. Part II (Chapters 8-13) presents studies from Latin America and the Caribbean, including Chile, Colombia, Ecuador, Mexico, and the countries of the Organization of Eastern Caribbean States (OECS) and Trinidad and Tobago. Part III (Chapters 14-17) encompasses East Asia and South Asia and includes case studies from Bangladesh, Indonesia, Malaysia, and the Philippines. Part IV (Chapters 18-21) examines at illicit trade in tobacco products in

Sub-Saharan Africa, including studies from Kenya, Senegal, the Southern African Customs Union (SACU) countries and Zambia, in addition to a separate analysis of border zones of Botswana, Lesotho, and South Africa.

Following the detailed exploration of individual country experiences in the case studies, Chapter 22 steps back to propose broadly applicable lessons on strengthening tax administration to confront illicit trade in tobacco products, while reducing tobacco use. Providing a perspective from the International Monetary Fund, the chapter distills lessons from global experience. Based on comparative analysis of all case studies through the lens of the WHO FCTC Protocol, the book's Conclusion identifies key strategic directions that have characterized countries documenting significant advances in the control of illicit trade in tobacco products. Within this broad agenda, the authors highlight action points policymakers and implementers can prioritize to initiate/strengthen/sustain progress in confronting illicit trade in tobacco products.

Strategic steps to reduce illicit trade in tobacco products

How are countries effectively confronting tobacco illicit trade? The following strategic steps emerge from the case studies presented in this book, with respect to lessons from countries that are successfully addressing illicit trade in tobacco products.

- **Diagnose the different forms of illicit trade in tobacco products:** The cases studies show that illicit trade overwhelmingly involves cigarettes, rather than other tobacco products. Tobacco illicit trade takes a variety of forms, varying in type and severity by country: smuggling across borders; declaring products as for export (and thus not subject to domestic tax) and then selling them on the domestic market; selling undeclared production (e.g. an undisclosed third production shift); producing counterfeits of legitimate brands; producing low-cost unbranded cigarettes destined for illicit markets (so called "illicit whites"); using Free Zones to leak cigarettes to the domestic market; and selling tobacco products via Internet, phone, or mail[21]. Each form of tax evasion has somewhat different implications for needed improvements in tax administration and enforcement.
- **Understand the causes and drivers of illicit trade in tobacco products:** The case studies confirm findings from the literature that tobacco illicit trade stems from a wide range of causes. These include weaknesses in governance and the regulatory framework, corruption, insufficient capacity of enforcement and judiciary systems, the existence of informal distribution and of organized crime networks, having a border with another country suffering from similar problems; and expected profitability of tobacco illicit trade. The country cases strongly confirm that the most important determinant in illicit trade of tobacco products is tax administration. Countries as different in levels of economic and institutional development as the United Kingdom, Kenya, and Georgia have all

successfully improved the effectiveness of their tobacco tax administration and, by doing so, reduced tobacco illicit trade while increasing tobacco taxes and tobacco tax revenues. Addressing illicit trade and raising tobacco taxes should be viewed as mutually reinforcing and complementary actions.

» **Strengthen country data, analysis, planning, and implementation processes:** Consistent with Articles 7 and 9 of the Protocol, the UK, Australia, and Ireland case studies visibly demonstrate the importance of reliable data, analysis, planning, and implementation oversight. The process should start with mapping of the supply and demand for tobacco products; what is known about illicit trade in tobacco products; the modus operandi of actors involved in or facilitating illicit trade; the capacity, commitment, and accountability of government agencies; and resultant effectiveness of tax/customs administration. Illicit trade activities, as well as industry activities, require intensive monitoring. In addition, having access to high quality local market data, including smoking prevalence and intensity, is critical. However, not having data regarding the size of the illicit market is *not* an excuse for inaction. The absence of such data has not stopped Kenya, Georgia, or the Philippines, for example, from moving ahead in controlling illicit trade in tobacco products. Country strategies to reduce illicit trade in tobacco products should establish policies, legislation, and regulations appropriate for specific country contexts. It is critical to note that having a strong strategy on paper is important but not sufficient, unless such plans can be operationalized. Additionally, strategies should integrate the strengthening of capacity, incentives, and accountability needed for effective implementation (including enforcement measures).[22]

» **Avoid reliance on the tobacco industry:** The role of the tobacco industry poses a challenge to countries seeking to address illicit trade, since the tobacco industry is often linked to illicit trade in tobacco products, either directly or indirectly.[23] The UK and Ireland case studies emphasize the need to fulfill obligations under Article 5.3 of the FCTC to prevent the tobacco industry from influencing public policy.[24] The case studies, including Colombia, Australia, Georgia, and Malaysia, also confirm prior findings that the tobacco industry regularly overstates levels and changes in tobacco illicit trade to oppose tobacco tax reforms. The Georgia and Uruguay case studies show that when the government responds to industry pressure and reduces taxes due to fears regarding tobacco illicit trade, the result is a decline in revenues and an increase in consumption, while the true drivers of illicit trade in tobacco products remain unaddressed.

» **Build inclusive, political coalitions against illicit trade in tobacco products:** Strong and successfully implemented country strategies require enlisting support and finding champions at top levels of ministries and governments, as demonstrated in Georgia, the Philippines and the UK. Another crucial element of gaining political support is to build alliances with key stakeholders in civil society, including NGOs, think tanks, and the media, as emphasized in the Kenya, UK, Georgia, Columbia, and Bangladesh case studies. Involving the public in addressing illicit trade both supports enforcement and reduces the demand for illegal products. Issues of political economy also affect enforcement – the Mexico and Kenya case studies highlight the importance of the electoral cycle and the overall national security context on the effectiveness of tax administration and enforcement.

» Work across sectoral silos: The Colombia, Chile and Kenya case studies identified lack of integration across sectors at the national and subnational levels as the major obstacle in controlling illicit trade of tobacco products. These analyses, in conjunction with the Bangladesh, Australia and Mexico case studies, emphasize that success in adopting and implementing strong programs to combat illicit trade and implement tobacco tax reform requires active and coordinated support from numerous ministries/government agencies. Coordination is particularly important in integrating tobacco illicit trade control into strategies for tobacco tax reform and overall tobacco control programs.

» Address illicit trade as an integral part of tobacco tax reform and overall tobacco control: Country cases, including those of the Philippines, the UK and Ireland clearly demonstrate the complementary nature of addressing tobacco illicit trade and implementing tobacco tax reform. Confronting illicit trade in tobacco products should be an integral part of a country's overall approach to tobacco control. The key elements of tobacco tax reform have recently been summarized in the World Bank publication *Tobacco Tax Reform: At the Crossroads of Health and Development*[25] and are summarized below:

› Go big, go fast. Tax strategies should focus on health gains first, then on fiscal benefits. This means going for big tobacco excise tax rate increases starting early in the process.

› Attack affordability. Tobacco taxes only reduce tobacco consumption if they reduce cigarette affordability.

› Change expectations. Communication with the public is also critical. Governments must make sure consumers know that cigarette prices will keep going up.

› Tax by quantity. Tobacco tax rates should be simplified and based on the quantity of cigarettes, not their price.

› "Soft earmarks" can win support. Although earmarking tax revenues through legislation is criticized by fiscal experts as contributing to rigidities, fragmentation, and eventual distortions in public expenditure, "soft" earmarking of funds (for example, linking increased taxes to increased health spending) has helped generate grassroots support for the tax hikes.

› Regional collaboration can boost results. Momentum for ambitious tobacco tax reform can be enhanced, and cross-border threats like cigarette smuggling minimized, when countries work together in a regional structure.

› Build broad alliances. Country leaders face sharp resistance to tax rate increases and other tobacco control measures from the tobacco industry. Countering these pressures requires reliable data and economic analysis, multi-sectoral policy development, and strong partnerships among key stakeholders at the local, national, and international levels.

- **Encourage and draw on regional and global cooperation/partnerships:** As recommended in the Protocol (Articles 20 – 31) and the FCTC, countries also should support and draw on regional and sub-regional, as well as global, partnership arrangements when feasible to address illicit trade and to implement tobacco tax reform. This can help, for example, in reducing substantial disparities in tobacco taxes in neighboring countries by pulling countries up to a common higher tax level, as well as in coordinating cross-border/regional efforts to reduce tobacco illicit trade. At the global level, the most effective way a country can benefit from and contribute to promoting international collaboration is to join the FCTC Protocol, discussed below. Ratifying the Protocol has advantages that go beyond knowledge sharing and coordination of enforcement efforts, including access to technical assistance in implementing the Protocol and establishing track and trace systems.
- **Draw on the Protocol and Guidelines for implementing the FCTC:** Authorities seeking to strengthen tax administration can utilize two important sources of good practice that derive from Section 15 of the FCTC, "Illicit Trade in Tobacco Products." The first is the WHO's FCTC Protocol to Eliminate Illicit Trade in Tobacco Products (or the Protocol). As an international treaty, the Protocol also can help generate domestic political support for implementing its measures. The second key source of policy guidance and good practice is constituted by the Guidelines for Implementation of Article 6, on *Price and Tax Measures* of the FCTC (issued in 2014). These guidelines also cover Article 15, on *Illicit Trade in Tobacco Products*. One of its guiding principles is the need for efficient and effective administration of tobacco tax systems, including addressing illicit trade in tobacco products.

Specific actions to confront illicit trade in tobacco products

The discussion above provided broad, strategic directions for enhancing progress in controlling/preventing illicit trade in tobacco products. However, what specific actions can decision makers prioritize to rapidly achieve gains? Findings from the country case studies suggest the following specific actions.

- *Require licensing for the full tobacco supply chain, as required by Article 6 of the Protocol.* At present there is licensing at least for all manufacturers, importers, exporters, and distributors in almost all country cases. What is needed is for each country to assess its capacity to require licensing the rest of the supply chain, particularly retail. As noted in the Canada case study, the best example of using licensing to control the supply chain is in the province of Quebec, where the entire supply chain is licensed including tobacco growers, transporters, manufacturers, those who store raw tobacco and/or final products, importers, wholesalers, retailers, as well as those in possession of manufacturing equipment. Tobacco importers are licensed in Malaysia and the Philippines requires suppliers of raw materials to the production process, including those providing tobacco papers and filter components, to be licensed.

- *Require use of secure excise tax stamps and other product markings to facilitate enforcement and tax collection, as required by Article 8 of Protocol.* These markings should possess multiple layers of security (as implemented in Kenya, Georgia, and the Philippines, for example); they should not be removable; and they should be destroyed when the pack is opened (also to prevent reuse). The absence of secure excise marking in Southern African Customs Union countries, Chile, and Mexico weakens the ability of the tax authorities to collect taxes, as noted in the case studies.
- *Establish effective track-and-trace systems to follow tobacco products through the supply chain from production or import to sale to consumers (Article 8 of the Protocol).* Secure excise stamps are crucial but not sufficient to prevent tax evasion if there is no downstream verification that cigarettes have tax stamps and that they are authentic. A track-and-trace system would help address, for example, the challenge posed by under-declared domestic cigarette production or production declared for export but then sold on the domestic market. The Mexico, Chile, and Southern African Customs Union case studies identify the absence of a track-and-trace system as the major obstacle to controlling illicit trade in tobacco products. Notably, as detailed in the case studies, Ecuador's tax track-and-trace system for domestically produced cigarettes, alcoholic beverages, and beer was implemented by its Internal Revenue Service in 2017 and is the first track-and-trace to comply with the Protocol to Eliminate Illicit Trade in Tobacco Products.
- *Establish effective enforcement teams equipped with automated reporting devices, to reduce human discretion in tobacco tax administration (Articles 8 and 19 of the Protocol).* This feature played a major role in improving the level of enforcement in Kenya and Georgia. However, the Kenya case also underlines the importance of enforcement agents with the power to carry out inspections at any time and at any point in the supply chain, to seize illicit products on the spot, and to bring immediate charges against offenders.
- *Obtain detection equipment and use it effectively at customs posts (Articles 14 and 19 of the Protocol).* Most countries already have access to detection equipment, although not necessarily in adequate quantity. Potential governance challenges, with respect to the use of this equipment, can be further reduced by separating the roles of generating and interpreting scans (as noted in the Kenya case study).
- *Develop a risk profile to target inspections (Articles 10, 14 and 19 of the Protocol).* The Chile case highlights the use of a risk analysis tool for targeting suspicious cargos and to generate customs alerts.

- *Set relatively low duty-free allowances (Article 13 of the Protocol and Article 6.2 of the FCTC) for tobacco product purchases*, both in terms of amounts (e.g. only two packs, as in Australia) and frequency (e.g. only once every 30 days as in Georgia). Chile shows how the lack of restrictions on frequency led to substantial but legal small-scale tax avoidance.
- *Regulate or ban trade in tobacco products in free trade and other special economic zones (Article 12 of the Protocol)*. The Chile case study illustrates how the relative freedom from regulation in these zones can make them gateways for domestic sale of untaxed tobacco products. In contrast, Colombia and Malaysia both established a strict regulatory framework for free trade zones to prevent this challenge.
- *Set and enforce significant financial penalties and penal provisions for illicit trade in tobacco products (Articles 15, 16 and 17 of the Protocol)*. Seizures, financial penalties, and other punishment severe enough to be a deterrent (unlike some of those reported in the Kenya case study) are important. Criminal prosecutions are particularly important as deterrents, as indicated in both the UK and the Colombia case studies
- *Provide for secure and environmentally friendly destruction of seized cigarettes, carried out by the regulatory authorities and not by the tobacco industry (Article 18 of the Protocol)*. In Mexico, customs officials destroy seized cigarettes, while in the Philippines approval and presence of a Bureau of Internal Revenue representative is required. In contrast to this guidance, in South Africa an industry-representative body is responsible for the destruction of illicit goods.
- *Educate the public on the impact of tobacco illicit trade*. Getting the public involved supports enforcement and reduces the demand for illegal products. As noted in the case studies, the Philippines and Kenya introduced apps for the public to verify the authenticity of cigarette packs, while the UK ran a public awareness campaign explaining how purchasing illegal cigarettes harms the country and local communities.

Complementing and supporting the WHO Framework Convention on Tobacco Control's Protocol to Eliminate Illicit Trade in Tobacco Products, the case studies presented in this book detail the manner in which a diverse range of countries have successfully confronted illicit trade in tobacco products. Significantly, these case studies demonstrate the importance - and feasibility - of addressing illicit trade in tobacco products as an integral part of tobacco tax reform and comprehensive tobacco control.

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“To tackle illicit trade is to tackle accessibility and affordability of tobacco products, to be more effective on the control of the packaging and to reduce funding of transnational criminal activities whilst protecting the governmental revenues from tobacco taxation.” [i]

– Dr. Vera Luiza da Costa e Silva
Head of the Secretariat of the WHO Framework Convention on Tobacco Control

“Governments around the world must waste no time in incorporating all the provisions of the WHO Framework Convention on Tobacco Control into their national tobacco control programmes and policies. They must also clamp down on the illicit tobacco trade, which is exacerbating the global tobacco epidemic and its related health and socio-economic consequences.” [ii]

– Dr. Tedros Adhanom Ghebreyesus, Director-General
World Health Organization

“Tobacco still remains the biggest avoidable cause of premature death in the EU, and the illicit trade in tobacco facilitates access to cigarettes and other tobacco products, including for children and young adults. In addition, millions of euros in tax revenues are lost every year as a result of the illicit trade. [iii]

– Commissioner Vytenis Andriukaitis
Health and Food Safety / European Commission

“Given their light weight, small size, and high value, tobacco products are susceptible to fraud through illegal trade, production, and cultivation. . . Illegal trade is a context-specific activity that has various modus operandi and therefore requires multi-dimensional context-specific solutions.” [vi]

– Patrick Petit (Senior Economist) & Janos Nagy (Senior Economist)
Fiscal Affairs Department / International Monetary Fund

“Effective tobacco tax regimens that make tobacco products unaffordable represent a 21st century intervention to tackle the growing burden of noncommunicable diseases. We are convinced that, working together with WHO and other partners in support of countries, we will be able to prevent the human tragedy of tobacco-related illness and death, and save countless lives each year.” [v]

–Dr. Tim Evans (Senior Director) & Patricio V Márquez (Lead Public Health Specialist)
Health, Nutrition and Population Global Practice / World Bank Group