Approaches for Controlling Illicit Tobacco Trade — Nine Countries and the European Union

There exists diversity in the adoption of anti-illicit-trade measures by countries

Authors: Hana Ross, Muhammad Jami Husain, Deliana Kostova, Xin Xu, Sarah M. Edwards, Frank J. Chaloupka, Indu B. Ahluwalia

An estimated 11.6% of the world cigarette market is illicit, representing more than 650 billion cigarettes a year and $40.5 billion in lost revenue. 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 undermines tobacco prevention and control initiatives by increasing the accessibility and affordability of tobacco products, and reduces government tax revenue streams. Data from multiple international sources were analyzed to evaluate the 10 most commonly used approaches for addressing illicit trade, namely: 1) licensing, 2) product markers, 3) national recordkeeping, 4) track-and-trace systems, 5) enforcement, 6) export tax, 7) tax harmonization, 8) agreements with tobacco industry, 9) promotion of public awareness, and 10) coordination among agencies. The status of these approaches was assessed in nine countries (Brazil, Canada, Hungary, Italy, Malaysia, Romania, Spain, Turkey, and the United Kingdom [UK]), and the European Union (EU). Although the WHO illicit trade protocol defines shared global standards for addressing illicit trade, countries are guided by their own legal and enforcement frameworks, leading to a diversity of approaches employed across countries.

- **Illicit trade in tobacco undermines tobacco control efforts.** The WHO Framework Convention on Tobacco Control (FCTC) Protocol to Eliminate Illicit Trade in Tobacco Products provides tools for addressing illicit tobacco trade
- **There is diversity in the adoption of anti-illicit-trade measures by countries,** demonstrating cross-country similarities and differences in main approaches to the standards outlined in the WHO FCTC Protocol
The most common anti-illicit-trade measures were licensing and enforcement, which were present in all countries reviewed in this report. A total of nine countries employed product markers, most commonly in the form of tax stamps. Systems for national recordkeeping and agency coordination were established in all countries except Malaysia. Track-and-trace systems, as outlined in the WHO illicit trade protocol, were in effect in Brazil and Turkey, and, in a limited version, in Canada and Hungary; EU and its member states operate a separate system for monitoring the movement of excise goods across their borders. Tax harmonization was employed within EU. Agreements with the tobacco industry were in place in most countries, except for Brazil and Malaysia. Public awareness programs were not widely employed, and export taxes were applied in Brazil and Canada only.

Research suggests that the revenue gains from eliminating illicit tobacco trade globally would exceed $31 billion, and might help prevent more than 160,000 tobacco-related deaths per year from 2030 onwards. Accordingly, continued adoption of the provisions outlined in the WHO illicit trade protocol and its accession could improve the global capacity to reduce illicit trade in tobacco products and enhance public health.

**Facts/Policy lessons**

- Continued adoption of the methods outlined in the WHO Protocol to Eliminate Illicit Trade in Tobacco Products can improve the global capacity to reduce illicit trade in tobacco products and enhance public health.
- Understanding differences across countries in the status of implementation of the WHO protocol is important for assessing country-specific needs in implementing it, and for identifying best practices in addressing illicit trade.


https://www.cdc.gov/mmwr/preview/mmwrhtml/mm6420a3.htm