

ILLEGAL TOBACCO: THE FACTS

PROTECTING PUBLIC HEALTH FROM THE TOBACCO INDUSTRY

Prepared by The Tackling Illicit Tobacco for Better Health partnership

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THIS DOCUMENT IS INTENDED TO BE A GUIDE FOR PROFESSIONALS WORKING IN LOCAL COUNCILS TO BE WARY OF ATTEMPTS BY THE TOBACCO INDUSTRY TO ENTER INTO LOCAL PARTNERSHIPS

Introduction - Article 5.3 of the Framework Convention on Tobacco Control

The tobacco industry sells and promotes a product that when used as the manufacturers intend, will kill half of long-term users early. A YouGov survey in 2013 found 74%¹ of adults want to see public health policy protected from the interests of the tobacco industry. With public health now a key role of local authorities, tobacco companies are seeking to exert their influence on councils as well as MPs.

Multinationals have a duty to their shareholders to optimize profits. For tobacco multinationals this raises a particular business challenge in replacing the lost customers who die each year from using their tobacco products or who succeed in quitting.

This means today's children are target customers of tomorrow and any industry claims they do not want young people to smoke must be viewed with caution. Internal tobacco industry documents that were made public as part of the landmark trial in the US² and now in the Legacy Tobacco Documents Library revealed the extent of how marketing is geared to hook new customers. In the UK, most smokers start as children and 200,000 children under the age of 16 started to smoke in 2011³.

Over decades the large tobacco companies have marketed deadly and addictive products to men, women and children and recently in the US they have been ordered to make statements admitting they deliberately deceived the public about the harmful effects of smoking⁴.

1) Smoke Free England Survey by YouGov, 2013

2) http://en.wikipedia.org/wiki/Legacy_Tobacco_Documents_Library

3) <http://www.cancerresearchuk.org/about-us/cancer-news/press-release/more-than-200000-uk-children-start-smoking-every-year>

4) http://www.nytimes.com/2012/11/28/business/tobacco-companies-are-told-to-correct-lies-about-smoking.html?_r=2&

The industry has also been exposed in the way it opposes and seeks to undermine measures that would reduce smoking and cut the appeal of cigarettes⁵.

The UK has signed up to an international agreement which is designed to stop any tobacco interference in public health policy. The World Health Organisation's Framework Convention on Tobacco Control is the world's first global health and corporate accountability treaty⁶. Article 5.3 of the Framework Convention on Tobacco Control (FCTC) states: "in setting and implementing their public health policies with respect to tobacco control, parties shall act to protect these policies from commercial and other vested interests of the tobacco industry in accordance with national law."

Local authorities are urged to adhere to the FCTC and not to allow representatives of the multinational tobacco industry, front groups representing the tobacco industry or representatives (eg PR consultants working for the tobacco industry) to influence its policies on health, whether through meetings, written contacts or partnerships.

Illicit tobacco - still a problem in some areas but overall a declining market

Illegal tobacco is a serious problem in some areas, enabling children to buy tobacco and keeping smokers hooked. However, while there has certainly been more awareness and publicity around the problem, the size of the UK illicit market has in fact declined significantly in the last decade since the late 1990s when there was a major surge in the market.

HM Revenue and Customs figures (see Figure 1, p6) show the proportion of illicit tobacco sold in the UK has fallen from over one in five cigarettes in 2000/01 (21%) to less than one in ten in 2012/13 (9%). The figures for hand rolled tobacco fell from 42% in 2009-10 to 36% in 2012/13 (all figures mid range estimates).

From March 2000, the UK Government rolled out a package of measures designed to curb smuggling including extra customs officers and intelligence staff,

5) The Smoke Filled Room report, Action on Smoking and Health <http://www.ash.org.uk/media-room/press-releases/the-smoke-filled-room-how-big-tobacco-influences-health-policy-in-the-uk>

6) World Health Organisation, Regional Office for Europe website

additional x-ray scanners, tougher sanctions and penalties. Specific funding to HMRC to fight illicit trade was provided as part of the Government spending round. All tobacco packs now carry covert markings or security tags such as holograms to enable teams to spot non-UK duty paid and counterfeit products. Cigarette packs also carry other markings including code numbers and security features such as filter paper design.

Based up on HMRC seizures of over 100,000 sticks, an emerging trend has been the increase in the availability of what enforcement professionals call 'cheap white' cigarettes. These cigarette brands, for example Jin Ling (one of the most seized illegal brands in Europe), are not counterfeit but mass produced openly in factories in known locations in Russia and the Far East, with a significant proportion of production specifically intended for the illegal market⁷. Criminals supplying these make no attempt to pass them off as legal tobacco products.

Industry attempts to influence councils and MPs

The tobacco industry repeatedly claims that consumption of illicit tobacco will be increased by policies such as higher tax to reduce smoking and restricting tobacco promotion to reduce youth uptake, even though official figures show the illegal tobacco market has in fact decreased in the UK as a result of the introduction of such measures over a number of years.

One policy intended to reduce youth smoking is the introduction of standardised ("plain") packaging for cigarettes and other tobacco products. There is strong evidence⁸ standardised packaging would reduce the appeal of smoking to non-smokers and children⁹. There is also evidence this would stop colours like white and silver (the former "low tar" colours) misleading smokers to assume some cigarettes are "less harmful". Tobacco multinationals fear the impact of this on their profits, and have stepped up efforts to oppose this.

Not blameless – documented evidence of the role played by the tobacco industry in fuelling illegal tobacco

Tobacco smuggling increased in the 1990s due to a vast expansion in British cigarettes being sold

7) Smuggling, the Tobacco Industry and Plain Packs - report by Luk Joossens commissioned by Cancer Research UK, November 2012

8) Plain tobacco packaging : A systematic review http://phrc.lshtm.ac.uk/project_2011-2016_006.html

9) http://www.youtube.com/watch?v=c_z-4S8iicc&list=FL2lnzX6Ehlcckz11amNs2Q&index=2&feature=plpp_video

overseas in bulk to countries like Afghanistan, Moldova, Latvia and Russia. These were destined to be smuggled straight back to the UK – with tobacco manufacturers benefiting from the increase in sales of their products at a cheaper tax-free price¹⁰.

"One comes to the conclusion that you are either crooks or you are stupid, and you do not look very stupid. How can you possibly have sold cigarettes to Latvia, Kaliningrad, Afghanistan and Moldova in the expectation that those were just going to be used by the indigenous population or exported legitimately to neighbouring countries, and not in the expectation they would be smuggled? You must know - you only have to read a newspaper every day, a member of the public could tell you - these are places which are linked to organised crime, that the drugs trade passes through all of these countries, that prostitution passes through all these countries. Did you not know that?"

George Osborne MP to the Chief Executive of Imperial Tobacco during the UK Parliament's Public Accounts Committee hearing on the illicit trade, 19 June 2002.

In 2000 the European Commission and Member States took legal action against the tobacco industry in the US alleging the industry had engaged in 'an ongoing global scheme to smuggle cigarettes, obstruct government oversight of the tobacco industry, fix prices, bribe foreign public officials, and conduct illegal trade with terrorist groups and state sponsors of terrorism¹¹.'

Although it does not constitute an admission of liability, the big tobacco multinationals, Philip Morris International (PMI), Japan Tobacco International (JTI), British American Tobacco (BAT) and Imperial all signed legally binding anti-smuggling agreements with the EU paying billions of dollars in total to the EU and Member States. Agreements require them to put measures in place to prevent smuggling of their cigarettes, limit sales to volumes commensurate with legitimate market demand and to pay additional amounts if their cigarettes are subsequently found to be smuggled¹².

Recently JTI has again been under investigation over new allegations¹³ that its distributors were smuggling cigarettes across more than a dozen countries to avoid tax.

10) <http://www.theguardian.com/commentisfree/2011/feb/24/tobacco-taxes-budget>

11) <http://tobaccocontrol.bmj.com/content/17/6/399.full>

12) http://ec.europa.eu/anti_fraud/investigations/eu-revenue/cigarette_smuggling_en.htm

13) Organised Crime and Corruption Reporting Project, Big Trouble at Big Tobacco, https://reportingproject.net/troubles_with_big_tobacco/

In November 2013 the Public Accounts Committee accused tobacco multinationals of deliberately oversupplying European markets, with the tobacco smuggled back into the UK¹⁴. Committee Chair Margaret Hodge said: "The supply of some brands of hand-rolling tobacco to some countries in 2011 exceeded legitimate demand by 240 per cent. HMRC must be more assertive with these manufactures. So far it has not fined a single one of them¹⁵."

Why does the industry portray illegal tobacco as out of control?

Tobacco companies hope to shackle tobacco control policies by suggesting first, that illegal tobacco is out of control and secondly, that policies to cut smoking will inadvertently fuel illicit trade. The intent is to create uncertainty, inertia and inaction among decision makers.

The industry is also keen to portray illegal tobacco as a more harmful alternative to its own products, even though legal tobacco contains around 4,000 chemicals¹⁶ including arsenic and carbon monoxide, and will kill half of all long term smokers. In the past it has tried to place messages with trading standards professionals to promote the "quality" of its products in press releases.

This is consistent with tactics tobacco companies have used in Australia to try to undermine measures to cut smoking. Australia's Home Affairs Minister Brendan O'Connor, responsible for customs, accused the tobacco lobby of scaremongering to protect its commercial interests. "It is baseless to claim that one in six smokers [is] consuming illegally imported tobacco. Big tobacco regularly quotes from reports that it commissions itself - rather than the independent research - because independent research does not back its claims¹⁷."

Examples of industry inflating the risks of illicit trade activity

Litter picks/ Pack surveys

Several councils have had to deal with the fallout from tobacco industry PR claiming their area is one of the "worst" in the region for illegal tobacco. The tobacco

14) HM Revenue & Customs: Progress in tackling tobacco smuggling - Public Accounts Committee <http://www.publications.parliament.uk/pa/cm201314/cmselect/cmpubacc/297/29703.htm>

15) <http://www.mailonsunday.co.uk/news/article-2451681/Cigarette-firms-supplying-ignoring-smuggling-says-report.html>

16) <http://www.cancerresearchuk.org/cancer-info/healthyliving/smokingandtobacco/whatsinacigarette/>

17) Australia: Smuggling and Illicit Trade Threats, http://www.tobaccotactics.org/index.php/Australia:_Smuggling_and_Illicit_Trade_Threats

industry works with a PR research firm MS Intelligence, which analyses cigarette litter in areas with high smoking rates and then makes claims through press releases about the general market share of illicit tobacco - always much higher than official HMRC statistics (see Figure 1 and 2).

"Litter picks" are unsatisfactory as a measure of illicit trade because results are heavily dependent on the locations chosen.

- In March 2013 Philip Morris claimed 22.2% of cigarette packs in the North East were illicit or non-duty paid.
- In August 2011 Philip Morris claimed that one in five cigarettes smoked in South Tyneside was illegal¹⁸, putting it at the top of an illegal tobacco league in the region. The article reported the statistics were gained when "researchers rooted through bins in smoking hotspots".
- In November 2012 an analysis of litter in bins prompted JTI to conclude that Derby is one of the worst places in the UK for illegal tobacco.

In Ireland the Revenue Commissioners have issued strong rebuttals against industry claims about the size of the illegal tobacco market based on these litter picks. Their statement read: "Revenue does not accept that the figures in this report accurately measure the extent of the illicit tobacco market in Ireland for the following reasons. Firstly this survey is based on an empty discarded pack collection and does not distinguish between illicit product and product legally imported by passengers arriving in to the state from other jurisdictions. Secondly, the survey was taken at specific locations and as such would not be representative of the tobacco consumption market as a whole."

Lobbying - Philip Morris

In November 2012 it emerged that Luther Pendragon, a London-based lobbying firm, had been employed by Philip Morris, one of the four big multinational tobacco companies, to approach councils¹⁹ in an attempt to stop the UK following Australia's lead in standardised packaging²⁰. Emails were sent to numerous councils nationwide asking to meet with trading standards

18) Shields Gazette, 10 Aug, 2011, "One in five packs of S. Tyne cigs illegal, <http://www.shieldsgazette.com/news/crime/one-in-five-packs-of-s-tyne-cigs-illegal-1-3665947>

19) Campaigners raise alarm over tobacco giants' lobbying against plain packaging <http://www.theguardian.com/business/2012/dec/02/smoking-tobacco-plain-packaging>

20) The Observer, Dec 2, "Campaigners raise alarm over tobacco giants' lobbying against plain packaging", <http://www.guardian.co.uk/business/2012/dec/02/smoking-tobacco-plain-packaging>

officers and elected members. This focused on inflated estimates on the size of the illicit market and unfounded claims standardised packaging would increase illicit trade.

Following one meeting in the North West, the Luther Pendragon PR consultant emailed the attendee urging them to write to specific named MPs, and to also raise the issue with businesses and elected members. The tobacco lobbying activity was criticised in the national media by numerous health groups and subsequently Luther Pendragon was dropped by one of its other clients, the Association of the British Pharmaceutical Industry. The agency announced soon after that it was severing ties with Philip Morris.

Media relations - Japan Tobacco International

The fact that JTI has been accused of aiding and abetting smuggling of its own cigarettes has not deterred it from running proactive public campaigns opposing illegal tobacco, nor using illegal tobacco arguments to oppose standardised packaging. In 2007 it concluded a legally binding agreement²¹ with the EU to fight illicit trade, which included JTI being made to pay \$400 million to the EU and member states in view of lost tax revenues from illicit trade in the past²².

- October 2012 - JTI invited MPs to the launch of a new report entitled “The Billion Pound Drop”²³ This report claimed that as a result of price increases: “we have seen levels of non-UK duty paid consumption increased by almost 20% so far this year”²⁴. HMRC has stated that these statistics are likely to be “too high”.
- July 2012 - JTI launched a £2m campaign in the UK against standardised packaging, taking out full page adverts in newspapers and magazines which inaccurately suggested plain packs would be white and wrongly claiming the Government had rejected standardised packs in 2008 due to lack of evidence. In March 2013 the Advertising Standards Authority ruled these adverts made claims that were misleading.
- Although JTI has been implicated in fuelling illegal tobacco, JTI is increasingly trying to link up with major media organisations to gain credibility. In November 2013 JTI linked up with the Birmingham Mail²⁵ in a campaign to reduce illegal tobacco. In

this article, the industry spokesman was also given column inches to attack laws from the EU to stop pocket money 10 packs.

- A similar campaign launched with the Manchester Evening News²⁶ in February 2014 which featured full page advertisements on illicit tobacco and editorial content which included a piece with JTI comment on why standardised packaging for tobacco was unnecessary and would only fuel illicit trade. A counterbalancing comment provided by Trading Standards North West at the request of the newspaper was not printed however because it challenged the tobacco industry motivation and referred to their documented involvement in smuggling.
- In Newcastle JTI took out radio adverts to launch a “Don’t be Tempted” campaign in Trinity Mirror daily newspaper titles. Full page printed ads and full page online ads were featured respectively in the Newcastle Evening Chronicle and its sister paper The Journal. JTI messages also featured in a series of news stories including test purchasing.

In 2012, Japan Tobacco International (JTI) was accused of smuggling activities in the Middle East which are now said to be under official investigation by the European Anti-Fraud Office (OLAF)²⁷. It is claimed distributors in Russia, the Middle East and the Balkans may have been illegally shipping tens of millions of cigarettes to smugglers. It is also alleged company executives discussed ways of shielding a distributor suspected of smuggling from possible banishment by OLAF, the European Commission anti-fraud agency which is charged with stopping tobacco smuggling.

A summary of claims against JTI’s activity fuelling illegal tobacco is found on the Tobacco Tactics website²⁸.

Imperial Tobacco

October 2012 - HMRC revealed new statistics showing another fall in illegal tobacco from 11% down to 9%²⁹, Imperial Tobacco was in direct contact with news organisations in the North East refuting these figures and claiming the illegal tobacco trade had increased by a third. This was based on litter analysis, but failed to give a sample size, details or precise locations.

21) http://www.ash.org.uk/files/documents/ASH_677.pdf

22) ASH media briefing: 14 December 2007, Key Features of the agreement on smuggling between the EC, JTI and 26 of 27 Member States.

23) <http://www.thecre.com/cc/wp-content/uploads/2012/11/TheBillionPound-Drop.pdf>

24) Martin Southgate, Managing Director, JTI UK, The Billion Dollar Drop, <http://www.thecre.com/cc/wp-content/uploads/2012/11/TheBillionPoundDrop.pdf>

25) <http://www.birminghammail.co.uk/news/local-news/birminghams-illicit-cigarettes-funding-terrorism-6282539>

26) Manchester’s bootleg tobacco is helping fund terrorism <http://www.manchestereveningnews.co.uk/news/greater-manchester-news/manchesters-bootleg-tobacco-helping-fund-6705209>

27) https://reportingproject.net/troubles_with_big_tobacco/

28) http://tobaccotactics.org/index.php/JTI_Involvement_in_Smuggling

29) Tobacco Industry Myths Shattered as Smuggling Rates Fall Again, Action on Smoking and Health media release, 18 Oct 2012, <http://www.ash.org.uk/media-room/press-releases/tobacco-industry-myths-shattered-as-smuggling-rates-fall-again>

Standardised packaging is supported by Trading Standards

The tobacco industry's main promotional tool is now the cigarette pack³⁰, with millions spent on glossy pack designs that a) disguise the harm smoking causes with misleading colours, with smokers more likely to think white and silver packs are lower tar and lower health risk³¹, b) attract new smokers - usually young people and c) make picture warnings less noticeable.

The Trading Standards Institute (TSI) called for standardised packaging on tobacco during the Government's consultation in summer 2012 as "the next logical and necessary step to help save lives". It rejected arguments that standardised packaging would fuel illegal tobacco, stating:

"Since 2000, successive UK governments have pursued a highly effective anti-smuggling strategy, including tough measures to force tobacco manufacturers to control their supply chains. This has reduced the size of the illicit trade from 21% in 2000 to 10% by 2009/10 for cigarettes. This significant drop.... has been driven by tough government action to control the supply side, supported at local level by trading standards professionals."

"Tobacco products are already easy to counterfeit and TSI is not aware of any evidence, or convinced by any arguments, which suggest that the introduction of plain packaging would lead to an increase in counterfeiting. Covert safety markings will still be used in standardised packaging to help authorities distinguish them from counterfeits."³²

Q and A

What is the scale of the illegal tobacco problem?

By the late 1990s, cigarette smuggling in the UK was at a peak. In 2000, HMRC estimated that 21% of the total UK cigarette market was made up of illegally imported sticks, although tobacco industry estimates were much higher at 25%-30%. Tobacco smuggling was costing the Government more than £3bn a year in lost revenue.

For the financial year 2010-11 HMRC estimated that 9% of cigarettes smoked and 38% of hand-rolling tobacco smoked in Britain was smuggled (hand rolled down from 60% in 2005-06). The estimated revenue loss for tobacco fraud and smuggling in the UK ranged from £1.1bn - £3bn in 2009-10. Meanwhile tobacco tax revenues have continued to rise.

30) http://www.plainpacksprotect.co.uk/assets/pdf/packaging_of_tobacco_products.pdf

31) <http://eurpub.oxfordjournals.org/content/19/6/631.abstract>

32) <http://www.tradingstandards.gov.uk/policy/policy-pressitem.cfm/newsid/949>

The largest study of its kind into illegal tobacco buying across Europe based on a survey of over 18,000 participants and reported in Tobacco Control that availability rather than price determines the level of the illicit trade. Of a sample with 27% smokers, just 4% had purchased their tobacco illegally. The availability of illicit tobacco was four times as high in countries bordering Ukraine, Russia, Moldova, and Belarus than it was elsewhere³³.

Figure 1: Cigarettes: Illicit Market and Associated Revenue Losses³⁴

Illicit Market Share Mid-point of range	21%	2000 / 2001
	16%	2005 / 2006
	15%	2006 / 2007
	14%	2007 / 2008
	13%	2008 / 2009
	11%	2009 / 2010
	9%	2010 / 2011
	7%	2011 / 2012
	9%	2012 / 2013

Figure 2: Hand Rolled Tobacco: Illicit Market and Associated Revenue Losses³⁵

Illicit Market Share Mid-point of range	63%	2000 / 2001
	60%	2005 / 2006
	55%	2006 / 2007
	50%	2007 / 2008
	50%	2008 / 2009
	42%	2009 / 2010
	38%	2010 / 2011
	35%	2011 / 2012
	36%	2012 / 2013

Figure 3: Tobacco tax revenues 2005/06 – 2010/11

Financial year	Tobacco Tax Revenue
2005 / 2006	7,959
2006 / 2007	8,149
2007 / 2008	8,094
2008 / 2009	8,219
2009 / 2010	8,813
2010 / 2011	9,144

33) <http://medicalxpress.com/news/2012-12-tobacco-smuggling-europe-industry-figures.html>

34 and 35) <http://www.hmrc.gov.uk/statistics/tax-gaps/ttg-2013.pdf>

Is price the main reason for the illegal tobacco problem?

Although the tobacco industry argues that high tobacco prices stimulate illicit trade, the international evidence suggests that this is not the case. Availability is the key driver.

A 2009 study estimated that 11.6% of the global cigarette market was illicit³⁶.

The table below, taken from the study, shows that in 2007 the proportion of consumption that was illicit was higher in low income than in high income countries – despite the fact that the price of legal cigarettes was lower in such countries. This is probably a result of poorer infrastructure, limited resources for enforcement and public health promotion, and in some cases high levels of corruption.

A study by the University of Bath on market data found that tobacco companies themselves are responsible for around half of the total price rises on tobacco, with the largest non-tax increases on economy cigarettes³⁷.

Relation between legal price and illicit trade in 2007

World Bank Income Group	Average Legal Price (\$)	Average % of Illicit Consumption
Low Income	1.13	16.8%
Middle Income	1.89	11.8%
High Income	4.91	9.8%

In the UK, after the March 2010 Budget, the Tobacco Manufacturers Association predicted that because the Government had “imposed the largest tax increase on tobacco products in ten years” it would “only provide further stimulus to those who seek to profit from the illicit trade in tobacco.”

After the March 2011 Budget, the TMA complained that the “Government has today increased tobacco duties by 2% above inflation which clearly demonstrates a complete lack of joined-up-thinking as taxation is the acknowledged driver of the illicit tobacco trade.” These complaints have proved to be wrong³⁸.

36) Joossens L, Merriman D, Ross H, Raw M. How eliminating the global illicit cigarette trade would increase tax revenue and save lives. Paris: International Union Against Tuberculosis and Lung Disease; 2009

37) <http://www.cancerresearchuk.org/about-us/cancer-news/news-report/tobacco-firms-responsible-for-half-of-uk-cigarette-price-rises>

38) Tobacco Industry Myths Shattered as Smuggling Rates Fall Again, Action on Smoking and Health media release, 18 Oct 2012, <http://www.ash.org.uk/media-room/press-releases/:tobacco-industry-myths-shattered-as-smuggling-rates-fall-again>

Is illicit trade mainly caused by the white van man and holidaymakers bringing back duty free?

No. Illicit tobacco is linked to the mass distribution of cigarettes as a for-profit, criminal activity. Organised crime groups see it as big business – low risk and high reward – and part of wider criminal activity.

Criminals are aided by the lack of control of the international movement of tax-free cigarettes.

Multinational tobacco companies have been implicated in smuggling activities and have been the subject of legal cases to determine the extent of their involvement.

Is the illegal problem mainly due to counterfeits?

A high proportion of illegal cigarettes coming into England are mass produced and factory-made at known locations. Since 2000, when large scale smuggling of genuine cigarette brands to the UK decreased, the proportion of ‘cheap whites’ increased.

Cheap whites are cigarettes mass produced often quite openly and at known locations, mostly outside the European Union, but are primarily intended for the illegal market of another country.

These factories are either not or at best minimally subject to national controls and can buy sophisticated machinery without risk of confiscation. Under these conditions a reasonable standard of quality in the production process can be achieved.

The best known cheap white brand in the UK and the rest of Europe is Jin Ling, a cigarette brand with a Chinese name, manufactured in the Free Zone of Kaliningrad by the Baltic Tobacco Company. In 2009/10, cheap whites accounted for 46% of large scale cigarette seizures in the UK.

Are illegal cigarettes more harmful to health?

Despite some reports that some batches of illegal tobacco contain asbestos and rat droppings and higher levels of toxins, it is dangerous to assume that illicit tobacco is “worse” for health.

All cigarettes, legal or otherwise, do great health damage. A key factor is how cigarettes are smoked and the depth of the inhale.

Highlighting the dangers of counterfeit cigarettes may risk communicating an unintended message that genuine cigarettes are normal or safe, rather than the truth that they will kill one in two long-term smokers.

What has been done to tackle this?

In March 2000, the UK Government announced a package of measures designed to curb smuggling, including the deployment of 1000 additional customs officers; additional specialist investigators and intelligence staff; additional x-ray scanners; tougher sanctions and penalties; and a public awareness campaign.

In 2006 the Chancellor announced new measures to further strengthen the anti-smuggling strategy including tightening controls along the supply chain of tobacco industries.

In 2009 the North of England Tackling Illicit Tobacco for Better Health Programme³⁹ was set up to bring together the work of FRESH Smoke Free North East, Tobacco Free Futures (formerly Smokefree North West), Smokefree Yorkshire and the Humber, the NHS, police, councils and HMRC and to tackle supply and demand. The volume of illegal tobacco bought fell by 39% in the North East - estimated at over £36m less avoided in duty and VAT evasion.

The South of England Illegal Tobacco Action Plan was launched in 2011 and is led by Smokefree South West. In 2013, FRESH, Tobacco Free Futures and Smokefree South West joined up work and collaboration through the "Tackling Illicit Tobacco for Better Health Partnership" and have hosted three national roundtable meetings on illicit tobacco.

In November 2012 the Illicit Trade Protocol⁴⁰ was negotiated as a subsidiary treaty under the World Health Organisation Framework Convention on Tobacco Control⁴¹. The Protocol requires parties to ensure tighter controls of the supply chain, to promote international cooperation, including a global tracking and tracing system for packaged tobacco products.

Action on Smoking and Health is calling:

- on HMRC and the Border Agency to further strengthen their successful joint work on the problem.
- for the UK Government to work with the European Union to make sure that the EU's legally binding agreements with the big tobacco firms to stop smuggling work well in practice.
- for the UK to sign and ratify the Protocol, and to work with the EU and other countries to bring it into full effect.

39) <http://www.illicittobaccnorth.org>

40) http://www.who.int/mediacentre/news/releases/2012/illicit_tobacco_20121112/en/

41) New international protocol adopted to combat illicit trade in tobacco products, World Health Organisation website, http://www.who.int/mediacentre/news/releases/2012/illicit_tobacco_20121112/en/index.html

What else could the UK Government consider?

- **Stricter illegal tobacco import penalties** - In Australia, new laws have been passed under the Customs Act so that importing illegal tobacco now carries a maximum 10-year jail sentence and/or a fine equalling five times the duty being evaded.
- **Greater investment in collaboration** - Investment in Trading Standards leads working with the North of England Tackling Illicit Tobacco for Better Health Programme have worked with magistrates to raise awareness that selling illegal tobacco is not a victimless crime.
- **A robust licensing system** - In April 2011, Scotland introduced a registration scheme for retailers who sell tobacco products. This is a step in the right direction but we believe a more robust licensing scheme is required.

MORE INFORMATION AND HOW TO WORK WITH US

The Tackling Illicit Tobacco for Better Health partnership is led by the UK's three regional tobacco control programmes in the North East, North West and South West of England – Fresh, Smokefree South West and Tobacco Free Futures.

The partnership is part of broader strategies to reduce smoking prevalence, protect communities from tobacco-related harm, and stop children from starting in the first place.

For general enquiries and to work with us on reducing illegal tobacco in your area get in touch. Contact:

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