Smuggling

Between 100 and 400 billion cigarettes were smuggled in 1995, equal to about one third of all the legally imported cigarettes. Cigarettes are the world’s most widely smuggled legal consumer product. They are smuggled across almost every national border by constantly changing routes.

Cigarette smuggling causes immeasurable harm. International brands become affordable to low-income consumers and to image-conscious young people in developing countries. Illegal cigarettes evade legal restrictions and health regulations, and while the tobacco companies reap their profits, governments lose tax revenue.

Some governments are now suing tobacco companies for revenue lost due to smuggling activities allegedly condoned by the companies. Measures needed to control smuggling should include monitoring cigarette routes, using technologically sophisticated tax-paid markings on tobacco products, printing unique serial numbers on all packages of tobacco products, and increasing penalties.

“...price is only one of many factors that influence smuggling rates. Other more important factors include: the tobacco industry’s own role in facilitating smuggling, the lack of appropriate controls on tobacco products in international trade; and the existence of entrenched smuggling networks, unlicensed distribution, lax anti-smuggling laws, weak enforcement and official corruption.” WHO, 2000

Projected share if no action taken

Lost revenue

Tax revenue lost for each lorry load smuggled into the European Union US$ 1997

For every 20 cigarettes sold, 1 is smuggled

Numbers of smuggled cigarettes: 1983 6% of world cigarette sales are smuggled

Global smuggling

Estimated smuggled cigarettes as percentage of domestic sales 1995

 recent or current smuggling routes where known

Smuggled cigarettes

Numbers of smuggled cigarettes: 1993

rest of the world

Eastern Europe

global total

Asian-Pacific

Western Europe

9% billion

85 billion

318 billion

56 billion

85 billion

56 billion

318 billion

1993

1995

1996 – 2004 projected

“...transit is essentially the illegal import of brands upon which no duty has been paid.” BAT, 1989

“...and duty increased by 5% if new measures are taken”

Projected share if new measures are taken and duty increased by 5%