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## Stakes get higher in tobacco smuggling

**New research shows benefits outweigh costs of government action**

**Sunday, June 28 2009, Geneva, Switzerland:** The illicit trade in cigarettes costs governments \$40.5 billion in lost revenue every year, with losses falling disproportionately on low and middle income countries, and the benefits of international action are likely to far outweigh the costs, latest research has shown.

Released for the opening of the third intergovernmental negotiating body on the Protocol on the Illicit Trade in Tobacco Products (INB-3) in Geneva today, the reports “How eliminating the global illicit cigarette trade would increase tax revenue and save lives” by the International Union Against Tuberculosis and Lung Disease, and “Cost Benefit Analysis of the FCTC Protocol on Illicit Trade in Tobacco Products” by Paul Johnson and others, for ASH UK, add to mounting evidence that the costs of smuggling and other forms of illicit trade in tobacco are counted not only in the millions of lives lost but also in billions of government revenue lost through inaction.

“The case for coordinated worldwide action against tobacco smuggling and other forms of illicit trade in tobacco has never been stronger,” said Laurent Huber, director of the Framework Convention Alliance (FCA) a global alliance of more than 350 non-government organisations working on the global tobacco treaty. “There is no denying that government delegates arriving in Geneva today are faced with a week of difficult negotiations in the face of the global illicit tobacco trade. But they cannot leave this meeting justifying inaction by saying it was too difficult – the costs are simply too great.”

The ASH UK report shows the potential financial and health benefits to the UK of a strong illicit trade protocol. It also provides a methodology that other researchers can use to measure the possible impact of the protocol in their own country. It provides powerful evidence in favour of a strong protocol, suggesting once again that it could lead to major advances in public health and to significant increases in tax revenues to governments across the world.

The International Union Against Tuberculosis and Lung Disease report, the most authoritative report yet produced on the extent of the global illicit trade in cigarettes, includes:

- Updated country level estimates of the illicit cigarette market around the world, using 2007 data or as close to 2007 as available;
- Evidence that higher income countries, where cigarettes are more expensive, have lower levels of cigarette smuggling than lower income



- countries, contrary to the tobacco industry claim that the overall level of smuggling is dependent on cigarette price;
- Evidence that the burden of cigarette smuggling falls disproportionately on low and middle income countries, where the majority of the world's tobacco users live; and
  - Estimates of the number of lives saved and revenue gained globally in the future if smuggling was eliminated. The report shows that 11.6 per cent of the global cigarette market is illicit, equivalent to 657 billion cigarettes a year and \$40.5 billion in lost revenue.

According to the report, if this illicit trade was eliminated, governments would gain, in principle immediately, at least \$33 billion, and from 2030 onwards save over 160,000 lives a year, resulting from an overall increase in cigarette price of 3.9 per cent and a consequent fall in consumption of 2.0 per cent. In just six years over a million lives would be saved, the vast majority of them in middle and low income countries.

The Illicit Trade Protocol is the first agreement to be negotiated under the Framework Convention on Tobacco Control (FCTC), the first global health treaty. Since the opening of the first working group for the FCTC on 25 October, according to WHO estimates, 43,504,658 people will have died from tobacco-related diseases as of 9am, Monday June 29, Geneva time.

The FCA believes that the protocol is essential to international progress on tobacco control. Smuggling and other forms of illicit trade in tobacco undermine national attempts to control tobacco use, particularly through taxation on tobacco products. Fighting smuggling and other forms of illicit trade in tobacco saves lives, helps fight organised crime and raises money.

**More Information:**

Link to “How eliminating the global illicit cigarette trade would increase tax revenue and save lives”:

[http://www.fctc.org/index.php?option=com\\_content&view=article&id=291:inb3-report-saving-revenue-and-saving-lives&catid=222:meeting-resources&Itemid=230](http://www.fctc.org/index.php?option=com_content&view=article&id=291:inb3-report-saving-revenue-and-saving-lives&catid=222:meeting-resources&Itemid=230)

Link to “Cost Benefit Analysis of the FCTC Protocol on Illicit Trade in Tobacco Products”:

[www.ash.org.uk/illicittradeprotocol/CBA](http://www.ash.org.uk/illicittradeprotocol/CBA)

The Framework Convention Alliance - [www.fctc.org](http://www.fctc.org)

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