Standardised packaging will still carry the same sophisticated security markings currently on tobacco packs and will be as difficult to counterfeit.

The tobacco industry, and their front groups, often exaggerate the rate of smuggling of tobacco products.

These figures are usually featured in research commissioned by tobacco companies, which have been disproven by legitimate researchers and organisations.

Tobacco companies argue against government price increases, stating that this will lead to increased smuggling. However, they neglect to admit their own price increases, which have happened over the last decade in Ireland.

Will standardised packaging increase illicit trade?

- The tobacco industry will argue that the change to plain packaging will only increase illicit trade.
- Plain packaging is not a plain white box. Standardised packs will still carry the sophisticated markings, health warnings and other labels currently on packs.
- The key difference in the introduction of plain packaging is that these packs would be less attractive, especially to children.
- An impact assessment carried out by the European Commission rejected the tobacco industry’s claims on plain packaging and illicit trade declaring ‘no convincing evidence has been submitted’.¹
- The UK All Party Parliamentary Group on Smoking and Health also found no evidence to back up the claims of the tobacco industry, asserting ‘evidence to our inquiry… showed that external packaging is not what is used by enforcement authorities in determining whether tobacco products are illicit. Covert and overt security markings… [including] coded numbers and anti-counterfeit marks… would still be present on standardised packaging.’²

---

The REAL figures on tobacco smuggling

- The Tobacco Industry has a fundamental conflict of interest in supplying data about tobacco smuggling. These companies are only interested in maintaining profits. To do this, they must replace the numbers of smokers who die or quit every year.
- A recent report on illicit tobacco written by Grant Thornton for Retail Ireland uses figures supplied by the Irish Tobacco Manufacturers Advisory Committee (ITMAC) estimating that the State lost €569m per year as a result of illicit tobacco. This figure has been rejected by the Revenue Commissioners and the Minister for Finance.
- The official tobacco tax loss estimate for Ireland is €240m (Excise and VAT) and is produced by the Revenue Commissioners.
- Tobacco companies also measure the illicit trade by using research with ‘little transparency’ which overestimates the problem.
- Figures from ITMAC said that illicit cigarettes made up 27.9% of all cigarettes in Ireland.
- However, the Revenue Commissioners produce annual figures that show the real figure to be 13% of all cigarettes in Ireland.

What tobacco companies DON’T tell you about price hiking

- Tobacco companies consistently blame smuggling on the high price of cigarettes.
- Tobacco smuggling is an issue of law enforcement, which must be dealt with through detection and enforcement.
- It is possible to have a high price on tobacco products while consistently reducing the level of smuggling. The rate in the UK has fallen from 21% in 2001 to 9% in 2011 despite considerable increases in cigarette prices.
- Despite their repeated calls to stop the government increasing the price of cigarettes, the tobacco industry has had no problem in increasing their own prices since 2000.

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government Increase</td>
<td>0c</td>
<td>13c</td>
<td>50c</td>
<td>25c</td>
<td>0c</td>
<td>0c</td>
<td>50c</td>
<td>80c</td>
<td>2.7c</td>
<td>21.5c</td>
</tr>
<tr>
<td>Tobacco industry increase</td>
<td>10c</td>
<td>21c</td>
<td>16c</td>
<td>13c</td>
<td>10c</td>
<td>20c</td>
<td>10c</td>
<td>20c</td>
<td>2.3c</td>
<td>23.5c</td>
</tr>
</tbody>
</table>

5 ITMAC, Non-duty paid: what is it?, http://www.itmac.ie/non-duty-paid/what-is-it/
8 Howell, F (2012), ‘The Irish tobacco industry position on price increase on tobacco products’, Tobacco Control, doi:10.1136/tobaccocontrol-2011-050146
On two occasions (2001, 2009), the tobacco trade increased price by more than the Government. For each of these years, submissions were made by tobacco manufacturers asserting how increasing taxes would increase illegal trade.  

The role of tobacco companies in smuggling

- The illicit trade in Ireland can be broken into three categories:
  - Contraband (a genuine tobacco pack imported without paying tax or duty)
  - Counterfeit (products that appear genuine but are fake), and
  - ‘Illicit whites’ (Cigarettes produced only for the black market with names like Jin Ling, Classic and American Legend).

- The tobacco industry has been known to be complicit in smuggling operations. In Canada in 2008 and 2010, five tobacco companies pleaded guilty to ‘aiding persons to sell or be in possession of tobacco products manufactured in Canada that were not packaged and were not stamped in conformity with the Excise Act’.  

- In the UK, cigarettes were exported in huge quantities to markets in Eastern Europe where they had no market share. They were then illegally imported back to the UK. Customs officials estimated that in 2000/2001 as much as 65% of the 12 billion Regal and Superkings cigarettes exported were smuggled back into the UK via Moldova, Latvia, Russia, Afghanistan and Andorra.  

- When this information came to light, UK Public Accounts Committee member, George Osborne MP told the tobacco companies; “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?”

---

9 Howell, F (2012), ‘The Irish tobacco industry position on price increase on tobacco products’, Tobacco Control, doi:10.1136/tobaccocontrol-2011-050146
The latest research carried out for the Revenue Commissioners and the HSE’s National Tobacco Control Office\(^\text{13}\) – classified 13% of smokers as having illegal packs (and 7% as having legal non-duty paid tobacco packs). Of the 13% illegal packs, 11% were classified as contraband, almost 2% as illicit whites and less than 1% were found to be counterfeit. This equates to 85% of the illegal packs being contraband, rather than counterfeit product.

The Revenue Commissioners’ surveys indicate that the rate of illegal packs have been relatively stable, with a gradual reduction over the last number of years – 13% in 2012, 15% in 2011 and 2010 and 16% in 2009.\(^\text{14}\)

The Minister for Finance, Michael Noonan TD, has stated that regardless of the packaging of tobacco products, the tax stamp will remain the main way of identifying legal/illegal tobacco products:

- “An examination of whether a pack of cigarettes carries a genuine tax stamp is a key means for Revenue officials to distinguish between legal and illegal products, and this will continue to be the case irrespective of the way in which cigarettes are packaged.”\(^\text{15}\)

The Revenue Commissioners has indicated that standardised packaging is “unlikely to affect significantly” their work against tobacco smuggling. In a reply to a Parliamentary Question, the Minister for Finance stated that:

- “Revenue will have the opportunity in this Group to set out its requirements in relation to accommodating the tobacco tax stamp under the new packaging regulations and to raise any other matters that might impact on their ability to deal with the illicit tobacco market. Revenue’s view is that the introduction of plain or standardised packaging of itself is unlikely to affect significantly their work against the illicit trade in tobacco products.”\(^\text{16}\)


Australia after the introduction of standardised packaging

- There is no official evidence of any increase in illicit tobacco in Australia following the introduction of standardised packaging.
- Tobacco industry claims about the amount of illicit tobacco purchased in Australia have been found to be exaggerated and misleading.\textsuperscript{17} The Australian Department of Health and Ageing has said that they do not accept the validity of these reports as they do not include a detailed or transparent methodology.\textsuperscript{18}

\textbf{For more information, please contact:}
Eoin Bradley, (01) 2310 518, ebradley@irishcancer.ie  
Cliona Loughnane, (01) 6685 001, cmccormack@irishheart.ie

\textsuperscript{17} For example, see Quit Victoria critiques of several industry-commissioned reports on the illicit trade in tobacco at http://www.cancervic.org.au/plainfacts/browse.asp?ContainerID=plainfacts-myths

\textsuperscript{18} Australia, Senate Estimates - Senate Community Affairs Committee, Answers to Estimates Questions on Notice, Health and Ageing portfolio 2010-2011, 23 February 2011, Question: E11-032