

CONFRONTING ILLCIT TOBACCO TRADE:



WORLD BANK GROUP

A GLOBAL REVIEW OF COUNTRY EXPERIENCES

ACKNOWLEDGMENTS

TECHNICAL REPORT OF THE WORLD BANK GROUP
GLOBAL TOBACCO CONTROL PROGRAM.

EDITOR:
SHEILA DUTTA



Acknowledgments

This report was prepared under the lead of Sheila Dutta (Senior Health Specialist and Co-Coordinator, Global Tobacco Control Program, World Bank Group). Patricio Marquez (Lead Health Specialist and Coordinator, Global Tobacco Control Program, World Bank Group), Paul Isenman (former World Bank Group Director and Principal Economist) and Hana Ross (Professor, University of Cape Town) extensively reviewed and commented upon draft chapters of the report, providing detailed technical inputs and suggestions to enhance the volume's robustness, quality, and conclusions. The report benefited from the editorial contribution of Alexander Irwin.

An international team authored the country/regional case studies and other chapters comprising this book, including (by chapter order):

- » **Chapter 1: WHO Framework Convention on Tobacco Control Protocol to Eliminate Illicit Trade in Tobacco Products: A Global Solution to a Global Problem** (Vera Luiza da Costa e Silva, Head of the Secretariat of the WHO Framework Convention on Tobacco Control)
- » **Chapter 2: Australia** (Robert Preece, Charles Sturt University, Australia)
- » **Chapter 3: Canada** (Robert Schwartz, University of Toronto, Canada)
- » **Chapter 4: European Union** (Filip Borkowski and Clare Twomey, European Anti-Fraud Office, European Commission, Belgium)
- » **Chapter 5: Georgia** (Hana Ross [University of Cape Town, South Africa] and George Bakhturidze [FCTC Implementation and Monitoring Center, Georgia]).
- » **Chapter 6: Ireland** (Alan Cummins, Oliver Gainford, and Peadar O'Lamhna; General Excise and Tobacco, Indirect Taxes Policy and Legislation Division, Office of the Revenue Commissioners, Ireland)

Confronting Illicit Tobacco Trade: A Global Review of Country Experiences

- » **Chapter 7: United Kingdom** (Tessa Langley [University of Nottingham], Anna Gilmore [University of Bath], Allen Gallagher [University of Bath], and Deborah Arnott [Action on Smoking and Health])
- » **Chapter 8: Organization of Eastern Caribbean States (OECS) and Trinidad and Tobago** (Karl Theodore, Althea La Foucade, Christine Laptiste, Ewan Scott, Charmaine Metivier, Samuel Gabriel, Daren Conrad, and Malini Maharaj; The University of the West Indies)
- » **Chapter 9: Chile** (Guillermo Paraje, Universidad Adolfo Ibáñez, Chile)
- » **Chapter 10: Colombia** (Blanca Llorente and Norman Maldonado, Fundación Anáas, Colombia)
- » **Chapter 11: Ecuador** (Santiago Trujillo, Servicio de Rentas Internas [SRI], Ecuador)
- » **Chapter 12: Mexico** (Belén Sáenz de Miera Juárez, Universidad Autónoma de Baja California Sur, Mexico)
- » **Chapter 13: Uruguay** (Winston Abascal [International Cooperation Centre for Tobacco Control, WHO FCTC Secretariat, Uruguay] and Alejandro Ramos-Carbajales (Former Planning and Research Director at CIET [Research Center for the Study of the Tobacco Epidemics], Uruguay)
- » **Chapter 14: Bangladesh** (Sadiq Ahmed, Zaidi Sattar, and Khurshid Alam; Policy Research Institute of Bangladesh)
- » **Chapter 15: Indonesia** (Abdillah Ahsan, Vice Director of Center for Islamic Economics and Business and Lecturer of Faculty of Economics and Business, Universitas Indonesia)
- » **Chapter 16: Malaysia** (Noraryana Hassan, Subromaniam Tholasy, Norliana Ismail, Hasazli Hasan, Norashidah binti Mohamed Nor, and Wency Bui Kher Thinng; FCTC and Tobacco Control Unit, Disease Control Division, Ministry of Health, Malaysia)
- » **Chapter 17: Philippines** (Kim Henares [Former Commissioner, Bureau of Internal Revenue, Philippines] and Malou B. Recente [Former Undersecretary, Department of Finance, Philippines])
- » **Chapter 18: Southern African Customs Union (SACU) and Zambia** (Michael Eads, Telita Snyckers, and Ziyaad Butler, Sovereign Border Solutions, South Africa)
- » **Chapter 19: Botswana, Lesotho, and South Africa** (Kirsten van der Zee and Corné van Walbeek, University of Cape Town, South Africa)
- » **Chapter 20: Kenya** (Hana Ross, University of Cape Town, South Africa)
- » **Chapter 21: Senegal** (Mayoro Diop [formerly with National Agency for Statistics and Demography, Senegal] and Aboubakry Gollock, [Cheikh Anta Diop University, Senegal])
- » **Chapter 22: Tobacco Tax Administration: A Perspective from the International Monetary Fund** (Janus Nagy, Fiscal Affairs Department, International Monetary Fund [IMF])

Additional comments and/or peer reviews of specific chapters were provided by the following individuals: Volkan Cetinkaya (World Bank Group), Alberto Gonima (World Bank Group), Prabhat Jha (University of Toronto), Sher Shah Khan (World Bank Group), Blanca Llorente (Fundación Anáas), Janus Nagy (International Monetary Fund), Caxton Ngeywo (Kenya Revenue Authority), Guillermo Paraje (Universidad Adolfo Ibáñez, Chile), Jeremias Paul (World Health Organization), Nicolas Guerrero Peniche (Secretariat of the WHO Framework Convention on Tobacco Control), Robert Preece (Charles Sturt University), Belén Sáenz de Miera Juárez (Universidad Autónoma de Baja California Sur), and Joseph Sirengo (Kenya Revenue Authority).

Zinaida Korableva (World Bank Group) and Akosua Dakwa (World Bank Group) provided administrative support to the preparation of this publication.

Overall technical guidance and oversight were provided by Enis Baris (Program Manager, Health, Nutrition, and Population Global Practice, World Bank Group), and Tim Evans (Senior Director, Health, Nutrition, and Population Global Practice, World Bank Group).

The preparation of this report was carried out under the World Bank Group's Global Tobacco Control Program, supported by the Bill & Melinda Gates Foundation and the Bloomberg Foundation. The support of Kelly Henning (Bloomberg Philanthropies), Jo Birckmayer (Bloomberg Philanthropies), Cynthia Lewis (Bill and Melinda Gates Foundation), and Jean Paullin (Bill and Melinda Gates Foundation) is gratefully acknowledged.

The authors alone are responsible for the views expressed herein and they do not necessarily represent the views, decisions or policies of the institutions with which they are affiliated.

Washington, D.C.
January 18, 2019

COVER QUOTE SOURCES

ⁱ WHO Framework Convention on Tobacco Control Press Release, June 28, 2018.
<https://www.who.int/fctc/mediacentre/press-release/protocol-entering-into-force/en/>

ⁱⁱ World Health Organization Press Release, July 19, 2017.
<https://www.who.int/en/news-room/detail/19-07-2017-who-report-finds-dramatic-increase-in-life-saving-tobacco-control-policies-in-last-decade>

ⁱⁱⁱ Combatting illicit trade in tobacco products: Commissioner Andriukaitis' Statement on the EU's adoption of an EU-wide track and trace system. European Commission Press Release, December 15, 2017.
http://europa.eu/rapid/press-release_STATEMENT-17-5269_en.htm

^{iv} How to design and enforce tobacco excises? International Monetary Fund, October 2016
<https://www.imf.org/en/Publications/Fiscal-Affairs-Department-How-To-Notes/Issues/2016/12/31/How-to-Design-and-Enforce-Tobacco-Excises-44352>

^v World Bank Group: "Global Tobacco Control: A Development Priority for the World Bank Group", Preface of WHO Global Tobacco Report 2015.
http://www.who.int/tobacco/global_report/2015/timevansandworldbankforeword.pdf?ua=1

“To tackle illicit trade is to tackle accessibility and affordability of tobacco products, to be more effective on the control of the packaging and to reduce funding of transnational criminal activities whilst protecting the governmental revenues from tobacco taxation.”ⁱ

– **Dr. Vera Luiza da Costa e Silva**
Head of the Secretariat of the WHO Framework Convention on Tobacco Control

“Governments around the world must waste no time in incorporating all the provisions of the WHO Framework Convention on Tobacco Control into their national tobacco control programmes and policies. They must also clamp down on the illicit tobacco trade, which is exacerbating the global tobacco epidemic and its related health and socio-economic consequences.”ⁱⁱ

– **Dr. Tedros Adhanom Ghebreyesus, Director-General**
World Health Organization

“Tobacco still remains the biggest avoidable cause of premature death in the EU, and the illicit trade in tobacco facilitates access to cigarettes and other tobacco products, including for children and young adults. In addition, millions of euros in tax revenues are lost every year as a result of the illicit trade.”ⁱⁱⁱ

– **Commissioner Vytenis Andriukaitis**
Health and Food Safety / European Commission

“Given their light weight, small size, and high value, tobacco products are susceptible to fraud through illegal trade, production, and cultivation. . . . Illegal trade is a context-specific activity that has various modus operandi and therefore requires multi-dimensional context-specific solutions.”^{vi}

– **Patrick Petit (Senior Economist) & Janos Nagy (Senior Economist)**
Fiscal Affairs Department / International Monetary Fund

“Effective tobacco tax regimens that make tobacco products unaffordable represent a 21st century intervention to tackle the growing burden of noncommunicable diseases. We are convinced that, working together with WHO and other partners in support of countries, we will be able to prevent the human tragedy of tobacco-related illness and death, and save countless lives each year.”^v

–**Dr. Tim Evans (Senior Director) & Patricio V Márquez (Lead Public Health Specialist)**
Health, Nutrition and Population Global Practice / World Bank Group

