



Press Release - 1 February 2010

EU leadership needed to stub out illegal trade in tobacco

The EU Member States, together with the Commission, must work hard to get an international agreement to fight the illicit trade in tobacco products. The fourth and final Intergovernmental Negotiating Body on an Illicit Trade Protocol meets in Geneva in March, and critical issues including licensing of the tobacco industry, tracking and tracing of tobacco products, and a new regime of offences and penalties for involvement in illicit trade, remain to be agreed. Green MEP Bart Staes issued a warning today: "It's essential that the EU takes the lead in the final negotiations and helps to win international support for a strong Protocol to combat the illicit tobacco trade. Anything less risks resembling the disappointing outcome of the UN Climate summit in Copenhagen - plenty promising words, but no binding agreement."

MEP Bart Staes stressed that the illicit trade in tobacco products leads to growing tobacco consumption and an increasing number of deaths and serious illness, and therefore rising health care costs in developing countries. Illicit trade also robs governments worldwide of approximately €35 billion annually in tax revenues. The best way, according to international experience, to curb the increasing smoking trend in developing countries, is by taxing, said Staes. He quoted the example of Romania, which introduced a 'Tax for Health' in 2007, to increase its health budget by €300 million in 2008. The 'Tax for Health' also known as the 'sin-tax' adds €0.20 to the overall price of a pack of cigarettes that is included in the excise duties.

"The problem with illicit trade - estimated at almost twelve percent of global cigarette sales", added Staes, "is that smuggling undermines tax policies and government efforts to protect health through rules on sale to minors and consumer information on packages. This is why we urgently need an agreement on the ITP." The Framework Convention on Tobacco Control (FCTC) is the first treaty negotiated under the auspices of the World Health Organisation. It was adopted by the World Health Assembly on 21 May 2003 and entered into force on 27 February 2005. At present it has 168 Parties, including the European Union and all but one EU Member State. Article 15 of the FCTC commits parties to take action against the illicit trade in tobacco products, but in order to provide greater clarity to Parties' obligations, it was agreed that a protocol to the treaty should be negotiated.

From 14th to 21st March 2010, the fourth meeting of the Intergovernmental Negotiating Body on a supplementary Protocol to the FCTC will take place. This will provide an invaluable opportunity to address illicit trade and should commit FCTC Parties to act both domestically and internationally. Moreover, the EU could play an active role in making the negotiations a success.

Austin Rowan, Head of Unit at the European Commission's Task Group Cigarettes, European Anti-Fraud Office (OLAF), commented: "The illicit trade is a global problem which impacts on everyone. The forthcoming INB is a unique opportunity to enhance international cooperation which is essential in tackling the illicit trade. The Commission and Member States have taken a number of measures to enhance international cooperation in order to curb the illicit trade in the EU and hope that their experience can be used elsewhere. For this reason the Commission has worked tirelessly to share their experience and to ensure that the INB negotiations result in a meaningful Protocol that will deliver concrete results."

Health care

Staes stressed that the cost and burden of tobacco smoking is especially heavy for low and middle income countries: "Therefore a global deal on the Illicit Trade Protocol is urgently needed from a developing world perspective. International studies show that tobacco consumption is increasing dramatically in poor and middle income countries. India, China, Indonesia, Brazil and Bangladesh are among the countries with the highest number of tobacco users. Furthermore, illicit trade levels are higher in lower income countries, almost 17% in low income countries compared with 10% in high income countries."

Staes cited studies showing "that the poor are most likely to smoke. Smoking exacerbates poverty as money spent on tobacco is money not spent on basic necessities such as food, shelter, education and health care. In most African countries for which data are available, the cost of 20 Marlboro cigarettes or an equivalent brand is more than half a day's wage."

Staes added that the numbers on health consequences speak for themselves: "Worldwide tobacco related illnesses already kill 5.4 million people a year. If current patterns of tobacco use persist, smoking will cause more than 8 million deaths a year by 2030, of which more than 80 per cent will occur in low- and middle income countries."

According to a new brochure "Spotlight on the FCTC: Tobacco and Development Policy" published today by the 'The Smoke Free Partnership' the increase of tobacco use also means a huge rise in costs for governments in developing countries: For example, 'tobacco use already costs \$590.63 million (direct costs) to Nigeria.'

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