

CONFERRONTING ILLICIT TOBACCO TRADE:



WORLD BANK GROUP

A GLOBAL REVIEW OF COUNTRY EXPERIENCES

ORGANIZATION OF EASTERN CARIBBEAN STATES
(OECS) AND TRINIDAD AND TOBAGO: REGIONAL
REPORTS ON ILLICIT TOBACCO TRADE

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TOBAGO

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ORGANIZATION OF EASTERN CARIBBEAN STATES (OECS) AND TRINIDAD AND TOBAGO

Caribbean Regional Report on Illicit Tobacco Trade

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Chapter Summary

This chapter focuses on selected countries in the English-Speaking Caribbean, namely the members of the Organization of Eastern Caribbean States (OECS) and Trinidad and Tobago. Apart from the protocol (full) member countries (Antigua and Barbuda, Dominica, Grenada, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines), the OECS also includes associate members Anguilla, British Virgin Islands, and Martinique.

The illicit tobacco trade is a major obstacle in the effort to control tobacco consumption in the Caribbean. The findings of this review suggest that the countries of the region need to significantly strengthen their efforts to control the illicit tobacco trade. While the countries have ratified conventions and passed legislation, the review points to widespread weaknesses in implementation and enforcement.

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There is no question that a major limitation to grappling with the illicit trade in the region is the data situation. Countries face a paucity of reliable data on the extent of the illicit trade. Contrary to good practice, data on illicit trade and other tobacco issues are largely derived from the tobacco industry. The review concludes that there are benefits to be gained from closing this information gap and that this should be treated as a matter of urgency.

Complementing the call for a major improvement in data collection and analysis, this chapter also points to the need for upgrading and modernizing the technological response to the illicit tobacco trade. Finally, the study highlights the need for the illicit tobacco response in the Caribbean to be characterized by a more regional approach.

1. Introduction

It has been estimated that, in low- and middle-income countries, the average percentage of illicit tobacco consumption ranged from 11.8 percent (middle-income) to 16.8 percent (low-income)². These levels were relatively higher than for high-income countries, where the percentage of illicit tobacco consumption was estimated at 9.8 percent of tobacco consumed. Interestingly, in low- and middle-income countries, the average legal prices were lower than in high-income countries. This suggests that price is by no means the only or most important consideration in understanding (and controlling) the illicit tobacco trade.

1.1 Context and Content of Tobacco Control Efforts

Patterns of tobacco supply and consumption in the region. Cigarette smoking is the most popular form of tobacco consumption in the English-speaking Caribbean. WHO STEPS surveys across various years have found that the percentage of smokers who use manufactured cigarettes ranges from 51.8 percent in St. Kitts and Nevis to 97.6 percent in the Cayman Islands. Of the nine countries for which recent data were available, seven recorded manufactured-cigarette smoking rates of above 76 percent.

In addition to legal imports from outside the Caribbean, a major legal supply of cigarettes originates within the region itself. The West Indian Tobacco Company (WITCO), a public company based in Trinidad and Tobago, was established in 1904 and is a member of the British American Tobacco (BAT) Group. The company supplies 25 brands in 137 stock-keeping units (SKUs) both to the local Trinidad and Tobago market and regionally to 16 Caribbean Community (CARICOM) members and associate countries. These include: Antigua and Barbuda, The Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica,

² Joossens, Luk, David Merriman, Hana Ross and Martin Raw M. 2009. How Eliminating the Global Illicit Cigarette Trade Would Increase Tax Revenue and Save Lives. Paris: International Union Against Tuberculosis and Lung Disease.

Montserrat, St. Lucia, St. Kitts and Nevis, St. Vincent and the Grenadines, Suriname, Bermuda, British Virgin Islands and the Cayman Islands (West Indian Tobacco 2018).

Tobacco control policies in study countries. According to the World Health Organization (WHO), the countries comprising the OECS have implemented smoke-free policies in up to two public places and some cessation programs, of which at least one is cost-covered. In the case of Trinidad and Tobago, all public places are covered by smoke-free policies. The country also has cessation policies and requires large warnings on cigarette packaging. In the case of the OECS countries, imported products include warnings on their packaging. However, with the exception of Antigua and Barbuda, none of the countries conducted national anti-smoking campaigns between 2014 and 2017

Taxes applied on tobacco products include excise taxes, import duties, value-added taxes (VAT), and customs service charges. In the case of Dominica and Antigua and Barbuda, respectively, an environmental surcharge and a revenue recovery charge are applied. Total taxation as a percentage of the retail price of the most-sold brands of cigarettes in 2010 ranged from 12 percent in Antigua and Barbuda to 49 percent in Grenada. By 2016, the percentage ranged from 15.5 percent in Antigua and Barbuda to 53.1 percent in St. Lucia. Using the WHO measure of affordability of cigarettes, there has been no significant change in the OECS since 2008. Although Antigua and Barbuda has the lowest share of tax in price, that country achieved unusually positive results on affordability, relative to other countries in the region. Cigarettes became less affordable in Antigua and Barbuda between 2008 and 2016 (WHO 2017). Cigarettes also became less affordable in Trinidad and Tobago. Table 1 summarizes the tobacco control efforts of the countries under study.

Most of the countries have implemented monitoring measures in the form of recent surveys related to the prevalence of smoking (Table 2). In the cases of Antigua and Barbuda, Dominica, St. Kitts and Nevis, and St. Lucia, these surveys were limited to the prevalence of tobacco use among youth. St. Vincent and the Grenadines and Trinidad and Tobago have moved towards smoke-free environments, with Trinidad and Tobago leading in this measure, as well as that of the display of health warnings. The British Virgin Islands (BVI) has also stipulated, in its Tobacco Control Regulations, the mandate for health warnings regarding tobacco products and smoke-free environments.

Table 1. Tobacco Control Policies Implemented by the OECS and Trinidad and Tobago (2010 to 2017)

MEASURES	GRENADA	ST. LUCIA	ST. KITTS AND NEVIS	ST. VINCENT AND THE GRENADINES
Monitoring: Prevalence data	Recent and representative data for both adults and youth	Recent and representative data for both adults and youth	No known data or no recent data or data that are not both recent and representative	Recent and representative data for both adults and youth
Smoke-Free Policies: Policies on smoke-free environments	Complete absence of ban, or up to two public places completely smoke-free	Complete absence of ban, or up to two public places completely smoke-free	Complete absence of ban, or up to two public places completely smoke-free	Complete absence of ban, or up to two public places completely smoke-free
Cessation Programs: Treatment of tobacco dependence	NRT and/or some cessation services (at least one of which is cost-covered)	NRT and/or some cessation services (at least one of which is cost-covered)	NRT and/or some cessation services (neither cost-covered)	NRT and/or some cessation services (neither cost-covered)
Health Warnings: Health warnings on cigarette packages	No warnings or small warnings	No warnings or small warnings	No warnings or small warnings	No warnings or small warnings
Mass Media: Anti-tobacco campaigns	No national campaign conducted between July 2014 and June 2016 with duration of at least three weeks	No national campaign conducted between July 2014 and June 2016 with duration of at least three weeks	No national campaign conducted between July 2014 and June 2016 with duration of at least three weeks	Data not reported
Advertising bans: Bans on advertising, promotion and sponsorship	Complete absence of ban, or ban that does not cover national television, radio and print media	Complete absence of ban, or ban that does not cover national television, radio and print media	Complete absence of ban, or ban that does not cover national television, radio and print media	Complete absence of ban, or ban that does not cover national television, radio and print media
Taxation: Share of total taxes in the retail price of the most sold brand of cigarettes (2010 & 2016)*	49% & 46.7%	31% & 53.1%	14% & 19.8%	16% & 20.7%
Affordability	No trend change in affordability of cigarettes since 2008.	No trend change in affordability of cigarettes since 2008.	No trend change in affordability of cigarettes since 2008.	No trend change in affordability of cigarettes since 2008.

*: The first figure reflects data from 2010 and the second figure data from 2016.

** : Ministry of the Attorney General and Legal Affairs. 2015a. Laws of Trinidad and Tobago, Tobacco Control Act of 2009 http://rgd.legalaffairs.gov.tt/laws2/alphabetical_list/lawspdfs/30.04.pdf

NRT: Nicotine replacement therapy.

Source: Compiled by authors from WHO Report on the Global Tobacco Epidemic, 2017.

Table 1. Tobacco Control Policies Implemented by the OECS and Trinidad and Tobago (2010 to 2017), Cont.

MEASURES	DOMINICA	ANTIGUA AND BARBUDA	TRINIDAD AND TOBAGO
Monitoring: Prevalence data	No known data or no recent data or data that are not both recent and representative	No known data or no recent data or data that are not both recent and representative	Recent and representative data for both adults and youth
Smoke-Free Policies: Policies on smoke-free environments	Complete absence of ban, or up to two public places completely smoke-free	Complete absence of ban, or up to two public places completely smoke-free	All public places completely smoke-free (or at least 90% of the population covered by complete subnational legislation)
Cessation Programs: Treatment of tobacco dependence	NRT and/or some cessation services (neither cost-covered)	NRT and/or some cessation services (neither cost-covered)	NRT and/or some cessation services (at least one of which is cost-covered)
Health Warnings: Health warnings on cigarette packages	No warnings or small warnings	No warnings or small warnings	Large warnings with all appropriate characteristics
Mass Media: Anti-tobacco campaigns	Data not reported	National campaign conducted with one to four appropriate characteristics	No national campaign conducted between July 2014 and June 2016 with duration of at least three weeks
Advertising bans: Bans on advertising, promotion and sponsorship	Complete absence of ban, or ban that does not cover national television, radio and print media	Complete absence of ban, or ban that does not cover national television, radio and print media	Yes, with the exception of publications with adult readership of over 85%, publications sent to adults by mail and places where children are not permitted by law.**
Taxation: Share of total taxes in the retail price of the most sold brand of cigarettes (2010 & 2016)*	26% & 24.3%	12% & 15.5%	34% & 25.8%
Affordability	No trend change in affordability of cigarettes since 2008.	Cigarettes less affordable – per capita GDP needed to buy 2000 cigarettes of the most sold brand increased on average between 2008 and 2016	Cigarettes less affordable – per capita GDP needed to buy 2000 cigarettes of the most sold brand increased on average between 2008 and 2016

*: The first figure reflects data from 2010 and the second figure data from 2016.

**: Ministry of the Attorney General and Legal Affairs. 2015a. Laws of Trinidad and Tobago, Tobacco Control Act of 2009 http://rgd.legalaffairs.gov.tt/laws2/alphabetical_list/lawspdfs/30.04.pdf

NRT: Nicotine replacement therapy.

Source: Compiled by authors from WHO Report on the Global Tobacco Epidemic, 2017.³

³ http://www.who.int/tobacco/surveillance/policy/country_profile/en/

Table 2. Smoking Prevalence and Tobacco Share of Deaths: Selected Caribbean Countries

PREVALENCE BY GENDER		ANTIGUA BARBUDA		DOMINICA		GRENADA		ST. KITTS & NEVIS		ST. LUCIA		ST. VINCENT & THE GRENADINES	
		2010	2015	2007/8	2015	2010/11	2015	2007	2015	2010	2015	1991	2015
Male	...	4.97	9.7	7.34	19.2	11.4	11.4	11.4	...	16.04	17.4	12.02	
Female	...	2.45	0.9	1.29	2.8	2.73	0.7	...	...	1.96	1.9	1.99	
CHILDREN SMOKING PERCENT USING TOBACCO DAILY 2015													
Male	0.38	0.76	0.79	4.8 (2007)	1.11	0.59							
Female	0.56	0.55	0.66	3.2 (2007)	0.42	0.39							
PERCENTAGE OF DEATHS CAUSED BY TOBACCO 2016													
Male	4.73	8.46	9.92	...	9.16	9.2							
Female	2.53	3.65	4.64	...	3.96	3.98							

Source: Drope and Schluger, Tobacco Atlas 2018⁴ for 2015 prevalence and 2016 percentage of deaths caused by tobacco; WHO Global Report on Trends in Prevalence of Tobacco Smoking 2015⁵

⁴ <https://tobaccoatlas.org/>

⁵ http://apps.who.int/iris/bitstream/handle/10665/156262/9789241564922_eng.pdf;jsessionid=E80CFA4D939F89EB56669786A12C7B02?sequence=1

2. Tobacco Revenue and Pricing in the Caribbean

Tobacco revenue: regional comparisons. The revenue derived from tobacco taxation by selected countries of the OECS is shown in Table 3. The data show total revenues as well as sub-categories for all tobacco products. For many countries in the region, the bulk of tax revenues are collected from total excise, which consists of either a specific or an ad valorem tax. Revenue from tobacco taxation as a percentage of total tax revenue ranged from a low of 0.14 percent in Antigua and Barbuda to 2.15 percent in Grenada.

Table 3. Annual Tax Revenues from Tobacco Products: Selected OECS Countries (2015)

COUNTRIES	ST. KITTS & NEVIS	ST. VINCENT & THE GRENADINES	GRENADA	ST. LUCIA	ANTIGUA & BARBUDA	DOMINICA
	All Tobacco Products	All Tobacco Products	All Tobacco Products	All Tobacco Products	All Tobacco Products	All Tobacco Products
Year	2013	2015	2015	2015	2015	2015
Currency	XCD	XCD	XCD	XCD	XCD	XCD
Total Excise ¹	220,269.11	705,427.02	8,178,933.34	9,905,000.00	-	354,845.65
VAT and other sales taxes	225,620.05	1,315,703.46	2,429,344.47	2,455,000.00	403,470.00	76,260.71
Import duties and all other taxes ²	209,787.50	524,105.84	810,112.13	521,000.00	515,123.00	98,381.46
Total (Local Currency)	655,676.66	2,545,236.32	11,418,389.94	12,881,000.00	918,593.00	529,487.82
% of Total Tax Revenues**	0.16%	0.57%	2.15%	1.41%	0.14%	0.16%
Total Revenues as a % of GDP	0.031%	0.12%	0.42%	0.29%	0.025%	0.037%
Total (USD)	242,843.21	942,680.12	4,229,033.31	4,770,740.74	340,219.63	196,106.60

¹ Specific and ad valorem.

² Excluding corporate taxes on tobacco companies.

Source: Compiled from Drope and Schluger, Tobacco Atlas, 2018, WHO Report on the Global Tobacco Epidemic, 2017; ** Eastern Caribbean Currency Union (ECCU) Central Statistical Offices and Eastern Caribbean Central Bank.

All countries in the region have to some extent taxed tobacco products (Table 4). They have, however, done so to widely varying degrees. All rates still remain far below the WHO target of 75 percent of retail price (Table 5).

Table 4. Tobacco Taxes and Bases among Selected Member Countries of OECS

TAXES	ST. KITTS AND NEVIS (2017)		SAINT VINCENT AND THE GRENADINES (2017)		GRENADA (2017)		ST. LUCIA (2017)		ANTIGUA & BARBUDA (2017)	
	RATE	BASE	RATE	BASE	RATE	BASE	RATE	BASE	RATE	BASE
Import Duty / Common External Tariff	\$18 - cigarettes	per kg	35% - Cigar and cigarettes 5% - raw tobacco	CIF	35% - cigarettes 5% - tobacco	CIF	5% - stemmed/striped tobacco 45% - cigars, cigarettes, and other forms of tobacco and tobacco products	CIF	35% - cigarettes	CIF
Excise Tax	20% - cigarettes	CSC + ID	14% - cigars \$1.55 per 100 cigarettes 6% raw tobacco 12% other 6% - tobacco substitute	ID+CIF	105% - cigarettes	CSC+CET+ CIF	\$176 per 1,000 Sticks on cigarettes \$125.60 per kg on cigars and other tobacco products.			
Value Added Tax	17%	EXT+CSC+ ID	16%	CSC+EXT+ ID+CIF	15%	EXT+CSC+ CET+CIF	12.5%	EXT+CSC+ ID+CIF	15%	CIF + ID
Customs Service Charge	6%	ID	5%	EXT+ID+ CIF	6%	CET+CIF	6%			
Other taxes (Revenue Recovery Charge)							ID+CIF		10%	CIF

Notes: CET - Common External Tariff, CSC - Customs Service Charge, CIF - Cost Insurance and Freight, RRC - Revenue Recovery Charge, EXT: Excise Tax; ID - Import Duty

Source: Statistical Offices and Customs and Excise Divisions of OECS countries.

Table 5. % Share of Total Taxes in the Retail Price of the Most Widely-Sold Brand of Cigarettes (2008 - 2016)

COUNTRY	2008	2010	2012	2014	2016
Antigua and Barbuda	14.77	14.77	15.00	14.63	15.47
Dominica	25.61	25.61	23.40	23.40	24.30
Grenada	40.50	49.48	...	47.76	46.73
Saint Kitts and Nevis	18.20	14.00	19.96	19.76	19.76
Saint Lucia	30.08	26.54	29.91	62.88	53.09
Saint Vincent and the Grenadines	16.15	15.99	15.96	16.76	20.69
Trinidad and Tobago	36.69	33.73	32.58	29.61	25.76

Source: WHO Report on the Global Tobacco Epidemic, 2017.

Retail prices of tobacco products: variation between and within countries. A 2017 survey of cigarette prices in the OECS revealed that smokers in St. Lucia paid the highest overall prices for cigarettes. The price per pack of 20 cigarettes (full pack) showed wide variations within and between countries, ranging between EC\$5.85 and EC\$22.00 per pack in St. Lucia, and between EC\$4.00 and EC\$9.20 in Antigua and Barbuda, which has the lowest cigarette prices (Table 6). Similarly, the price per pack of 10 cigarettes (half pack), varied between EC\$3.25 and EC\$5.00 in St. Kitts and Nevis, and between EC\$5.00 and EC\$16.00 in St. Lucia.

Table 6. Price Ranges per Pack of 20 and 10 Cigarettes, Selected OECS Countries

COUNTRIES	PRICE RANGES (PACK OF 20s, EC\$)	PRICE RANGES (PACK OF 20s, USD)	PRICE RANGES (PACK OF 10s, EC\$)	PRICE RANGES (PACK OF 10s, USD)
Antigua and Barbuda	4.00 - 9.20	1.48 - 3.41	3.95 - 4.75	1.46 - 1.76
Grenada	6.15 - 15.00	2.28 - 5.56	3.75 - 5.50	1.39 - 2.04
St. Kitts and Nevis	3.50 - 18.87	1.30 - 6.99	3.25 - 5.00	1.20 - 1.85
St. Lucia	5.85 - 22.00	2.17 - 8.15	5.00 - 16.00	1.85 - 5.93
St. Vincent and the Grenadines	4.00 - 20.00	1.48 - 7.41	3.50 - 6.00	1.30 - 2.22

Source: HEU, Centre for Health Economics, The University of the West Indies, 2017.

3. Regional and International Cooperation in Tobacco Control

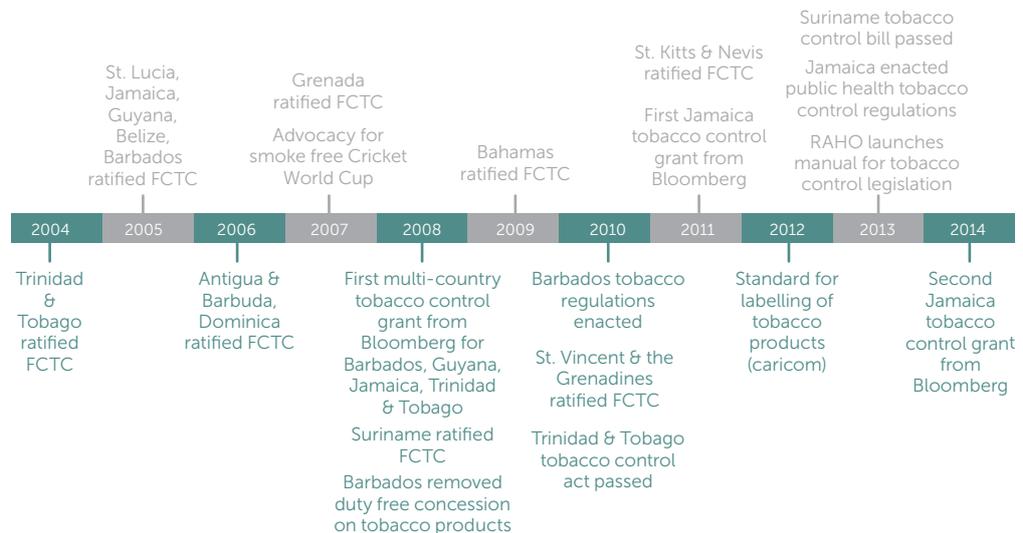
3.1 Regional Commitment to the FCTC

Countries and institutions engaged. WHO in its 2017 report on the global tobacco epidemic indicated that Trinidad and Tobago and all OECS countries, with the exception of the British territories, had signed and ratified the WHO Framework Convention for Tobacco Control (FCTC). The British territories are part of the United Kingdom and therefore cannot sign on to the FCTC as separate jurisdictions (PAHO/WHO 2016b). Nevertheless, in order to advance the FCTC goals, the British Virgin Islands passed Tobacco Control Laws, while the other British territories have implemented some of the Convention's articles. Trinidad and Tobago also passed the Tobacco Control Act in 2010, under which Section 38 (1) details Tobacco Control Regulations. Draft Tobacco Control legislation has been developed for Grenada. CARICOM has also established a Regional Standard for the labeling of retail packages of tobacco products. The Regional Standard was adopted by the CARICOM Council for Trade and Economic Development (COTED) in 2012. Key regional institutions with a stake in combating the illicit tobacco trade also include the Caribbean Customs Law Enforcement Council, which operates under the umbrella of the World Customs Organization.

Tackling illicit trade under the FCTC and Protocol: implementation gaps. Parties to the Convention have all undertaken the responsibility to implement a range of anti-illicit trade measures. However, there has been some stickiness with regard to effective implementation and enforcement. The Healthy Caribbean Coalition (HCC) suggested that, although countries in the Caribbean have ratified the FCTC, few have implemented the provisions of the anti-illicit trade Protocol (HCC 2016). Figure 1 illustrates.

Constraints on multilateral action. It should be noted that an effective multilateral approach through an international agency that deals with health alone may be fraught with challenges. One of the main difficulties is that, at the national level, measures required to effectively address illicit trade fall within the ambit of various customs agencies, law enforcement, and justice departments. Internationally, bodies such as the United Nations Office on Drugs and Crime and the World Customs Organization have resources to combat illicit activities such as smuggling and illicit manufacturing of tobacco products. The FCTC Secretariat and the WHO did not initially have these forms of expertise in 2011 (Lieberman et al. 2011), though the Secretariat has since developed some capacity in these areas.

Figure 1. Timeline of Tobacco Control Policy, Legislation, and Advocacy in the Caribbean (2004-2014)



Source: Adapted from HCC (2016)

4. Tobacco Policies/Reforms Enacted in the Eastern Caribbean

4.1 Overview of Legal Frameworks

Tobacco control policies in the region are broadly framed. An assessment of the existing policies and reforms in the region suggests that the regulative and legislative framework favors policies designed to control tobacco use, in general, rather than specifically targeting the illicit tobacco trade. However, although data are limited, governments are aware of the presence of the illicit tobacco trade within the region.

Import restrictions. Most of the countries have imposed restrictions on imports that are also aimed at providing some level of control of illicit trade. For instance the Trinidad and Tobago Customs Act states that it is prohibited to import: "...extracts, essences or other concentrations of tobacco, or any admixture of the same, tobacco stalks and tobacco-stalk flour, except under such conditions as the Comptroller may with the approval of the President, either generally or in any particular case allow"(Ministry of the Attorney General and Legal Affairs, 2015b: 43). Moreover, it is against the law to import "tobacco, cigars, cigarillos and cigarettes, unless specifically reported as such and unless in aircraft, or in ships of thirty tonnes burden at least, and unless in whole and complete packages, each containing not less than nine kilogrammes net weight of tobacco, cigars, cigarillos and cigarettes" (Ministry of the Attorney General and Legal Affairs, 2015b: 44).

4.2 Key Institutions and Administrative Mechanisms for Enforcement

Customs controls. Broadly speaking, the issue of prevention of illicit tobacco trade is covered by various Customs Acts in the Caribbean. Specifically, any person caught smuggling tobacco products on board an aircraft or ship may face a fine, and all goods are forfeited. Caribbean Ministries of Health have taken the leadership role in driving tobacco control measures in Caribbean countries, which have led to control laws and legislation in some cases. Again, the emphasis is on tobacco control rather than the illicit trade of tobacco per se.

Within the region, the customs divisions usually carry out random checks of persons entering the countries. In the case of Grenada, random checks are also carried out on persons coming in from Carriacou. Custom officers rely heavily on coast guards to regularize the smuggling of products across the borders. However, informants admitted that there is a lack of communication between the two law-enforcement groups.

The importance of “track-and-trace”: recognized in theory. The WHO FCTC Protocol to Eliminate Illicit Trade in Tobacco Products recognized the need to eliminate all forms of illicit trade in tobacco and to take measures to control the supply chain and to cooperate internationally (WHO 2013). The main mechanism through which the trade is to be monitored and controlled is referred to as a “track-and-trace system.” The WHO (n.d) reported that industry self-assessment⁶ and physical controls are the least effective control measures. Tax stamps without monitoring are partly effective, and automated monitoring using secure digital stamps is the most effective control measure.

Table 7 summarizes the status of control and enforcement measures in Antigua and Barbuda (A&B), Dominica (DOM), Grenada (GRE), St. Kitts Nevis (SKN), St. Lucia (STL), St. Vincent and the Grenadines (SVG), and Trinidad and Tobago (TT).

As Table 7 shows, St. Lucia and Trinidad and Tobago require markings on all packaging to indicate the origin of the product. They have also established rules for the destruction of confiscated equipment and tobacco products. Both Grenada and Trinidad and Tobago have enacted legislation to curtail illicit tobacco trading, adopted measures to monitor and control the storage and distribution of tobacco products held or moving under suspension of taxes or duties, and have instituted licensing or other actions to prevent illicit trading.

Track-and-trace implementation in the region: a key shortfall. With the exception of Trinidad and Tobago, there are as yet no indications of countries’ developing practical tracking and tracing regimes to address the illicit tobacco trade. This system speaks to supply chain management (monitoring and control) of tobacco products from the point of manufacture to the point of sale through the use of secure and unique identifiers. According to Sharma (2018), the reports to the WHO FCTC for Trinidad and Tobago should state that,

⁶ Declarations by tobacco industry/manufacturers of production.

Table 7. Selected Measures to Reduce the Supply of Illicit Tobacco Products in the Caribbean

SELECTED MEASURE/DESCRIPTION	A&B	DOM	GRE	SKN	STL	SVG	TT
Developing a practical tracking and tracing regime that would further secure the distribution system and assist in the investigation of illicit trade?	No	No	No	No	No	No	Yes
Requiring marking of all unit packets and packages of tobacco products and any outside packaging of such products to assist in determining the origin of the product?	No	No	No	No	Yes	No	Yes
Requiring marking of all unit packets and packages of tobacco products and any outside packaging of such products to assist in determining whether the product is legally sold on the domestic market?	No	No	No	No	No	No	Yes
Requiring that unit packets and packages of tobacco products for retail and wholesale use that are sold on the domestic market carry the statement: "Sales only allowed in ..." or carry any other effective marking indicating the final destination of the product?	No	No	No	No	No	No	Yes
Requiring the monitoring and collection of data on cross-border trade in tobacco products, including illicit trade?	No	No	No	No	No	No	Yes
Facilitating the exchange of this information among customs, tax and other authorities, as appropriate, and in accordance with national law and applicable bilateral and multilateral agreements?	No	No	No	No	No	N/A	Yes
Enacting or strengthening legislation, with appropriate penalties and remedies, against illicit trade in tobacco products, including counterfeit and contraband cigarettes?	No	No	Yes	No	No	N/A	Yes
Requiring that confiscated manufacturing equipment, counterfeit and contraband cigarettes and other tobacco products derived from illicit trade be destroyed, using environment-friendly methods where possible, or disposed of in accordance with national law?	No	No	No	No	Yes	N/A	Yes
Adopting and implementing measures to monitor, document, and control the storage and distribution of tobacco products held or moving under suspension of taxes or duties?	No	No	Yes	No	No	N/A	Yes
Licensing or other actions to control or regulate production and distribution in order to prevent illicit trade?	No	No	Yes	No	No	N/A	Yes

Source: Compiled from the WHO Core Questionnaire of the Reporting Instrument of the WHO FCTC 2018 for: Grenada, St. Lucia, and Trinidad and Tobago; from the WHO Core Questionnaire of the Reporting Instrument of the WHO FCTC 2016 for: Antigua & Barbuda and Dominica; from the WHO Reporting Instrument of the WHO FCTC 2012 for St. Kitts & Nevis; and from the WHO Reporting Instrument of the WHO FCTC 2010 for St. Vincent and the Grenadines.

while the country's Tobacco Control Act (2009) requires tracking and tracing measures, implementation and enforcement have yet to occur. Among relevant measures, penalties and licenses are the only enforceable stipulations that have been and can be executed (Sharma 2018). Penalties and liabilities for non-compliance with Tobacco Controls Act Sections 36(1)(c)(ii) and 36(1)(c)(vi) apply to tobacco products: (a) which are not properly

packaged or labelled; (b) where taxes and duties have not been paid; and (c) which have not entered the jurisdiction legally. Other penalties and sanctions are identified in the Act and include fines and loss of licenses, as well as criminal sanctions.

Enforcement of these control measures is fulfilled through the services of the Customs Division, the Police Service, and the Tobacco Control Unit of the Ministry of Health and its authorized officers. Enforcement is executed under the following:

- » Proceeds of Crime Act;
- » Protection Against Unfair Competition Act;
- » Trade Marks Act;
- » Customs Act;
- » Trade Description Act;
- » Excise (General Provision) Act; and
- » Tobacco Control Act 2009 (TCA).

In terms of physical control measures, the Government of Trinidad and Tobago ensures control of the storage of taxed and untaxed products on the premises of the manufacturers. These products are overseen by an Officer of the Customs and Excise Division of the Ministry of Finance who is located onsite and, in the case of imports, who relies upon issued licenses to importers in order to monitor the cross-border movement of tobacco products (cigarettes).

Enforcement gaps. However, there are challenges with consistency in the strength of implementation. The issues concern resource constraints. For example, at the time of this study, personnel contracts for the Tobacco Control Unit were pending renewal and, as such, the division was effectively without staff. Additionally, key informants from the public sector indicated that, while licenses are required for the importation of tobacco products, small traders who are granted these licenses tend to utilize these for the importation and distribution of brands different from those for which the licenses were granted, usually without penalty because of gaps in monitoring. Similar shortcomings exist where unique identifiers stipulated in the legislation have not been implemented.

Grenada's WHO FCTC report (2016) indicated that comprehensive multi-sectoral national tobacco control strategies, plans, and programs have not been implemented, although a focal point and national coordinating mechanism have been established. However, Draft Tobacco Control legislation has been developed. Grenada also has a negative list, issued by the Ministry of Trade. The negative list requires importers to apply for a trade license to import cigarettes from extra-regional countries into Grenada. St. Kitts and Nevis, as well as St. Vincent and the Grenadines, have no national coordinating mechanisms.

5. Cigarette Smuggling: Multiple Routes and Few Seizures

Customs and excise departments in OECS countries and Trinidad and Tobago report that seizure of contraband cigarettes and other tobacco products has been minimal to date, and in many instances non-existent. This is supported by data from the WHO Framework Convention on Tobacco Control Reporting Instrument (2010-2018), which indicate that there have been no reported seizures in Antigua and Barbuda, Dominica, St. Kitts and Nevis, or St. Lucia over the period. Grenada (2013) and Trinidad and Tobago (2012), reported seizures of 10,000 and 81,400 illicit sticks of tobacco, respectively.

Anecdotal evidence indicates that potential smugglers may opt for one of the many informal entry points that exist along the island coastlines, as the route through which contraband tobacco products are imported. This possibility speaks to the need for stronger monitoring of the countries' territorial waters and coastlines. The virtual absence of tobacco seizures in the region underscores the need to improve detection. Resources and technical support from international partners may prove invaluable.

6. Innovative and Technological Enforcement Solutions

The WHO (n.d.) assesses the effectiveness of control measures as reflected in Table 8.

Table 8. Effectiveness of Control Measures

LEAST EFFECTIVE	PARTLY EFFECTIVE	MOST EFFECTIVE
<p>Industry self-assessment: relying on declarations of production by the manufacturers is highly vulnerable to tax evasion.</p>	<p>Tax stamps (without monitoring): Stamps ordered from the Ministry of Finance (MOF) and placed on packs by manufacturers. These stamps (even new digital versions) can be counterfeited. The MOF can check the market for illegal sales, but can't determine their origin.</p>	<p>Automated monitoring: digital stamps placed on packs by special machines affixed in manufacturing facilities. The machines record production and this data is sent to a central MOF database. These types of measures minimize tax evasion.</p>
<p>Physical control: MOF officials monitor/clear production on-site. Still vulnerable to tax evasion and industry capture of officials.</p>		

Source: Compiled from WHO (n.d)

Closing technology gaps: what role for industry? With regard to innovative and technological enforcement solutions adopted to fight forgery and counterfeiting in the OECS and Trinidad and Tobago, WITCO (2018) indicates that, as a manufacturer of some products sold in CARICOM markets, the company recently acquired the INEXTO technology, which performs digital encoding of tobacco packs and ancillary packaging. This system will be operationalized in 2018 in the WITCO facility (Padgett 2018). The INEXTO technology, formerly “Coidentify”, developed by PMI, is seen by critics as de facto perpetuating industry, rather than government, control of “track and trace.”

In the English-speaking Caribbean, apart from the systems acquired by the tobacco industry, there is a general lack of anti-counterfeiting technology, tracking and tracing systems, and fiscal marks as enforcement mechanisms.

Excise tax stamps. Generally, the various arms of the Ministries of Finance and/or Customs and Excise Departments throughout the region are responsible for collecting taxes on tobacco. Revenues collected usually flow into a pooled government fund (consolidated fund). Figure 2 illustrates the cases of Grenada and Trinidad and Tobago, which show similarities to other countries in the region.

Figure 2. Alcohol and Tobacco Industry Tax Collection System: Grenada and Trinidad and Tobago



Neither the OECS countries nor Trinidad and Tobago have implemented an excise tax stamp regime, although for Trinidad and Tobago, the existing regulations and legislation commit the country to this approach, as Table 7 indicates. In the wider CARICOM region, the Guyana Revenue Authority (GRA) Customs, Excise and Trade Operations (CE&TO) introduced excise stamps on imported alcohol and tobacco products in November 2017. The GRA collaborated with the Canadian Bank Note Company, which designed and produced the stamps (Guyana Revenue Authority 2017). In March 2016, the Jamaica Customs Agency (JCA) signaled its intention to introduce the use of excise stamps for tobacco and alcohol products (Jamaica Observer 2016).

In the absence of excise stamps in the case countries, importers or their agents/brokers normally complete an import declaration form, on which they indicate the type, quantity, and value of the good being imported. This form is normally accompanied by invoices and other relevant shipping documents, licenses, and permits. The taxes are then applied. Manufacturers also pay excise and other taxes on their products.

Advancing “track-and-trace”: seizing a key opportunity. WHO FCTC’s Illicit Trade Protocol specifies the minimum data needed for tracking and tracing. The track-and-trace system was designed to verify the quantity produced or imported, verify correct tax payments, track products through the supply chain, trace products back to their sources, and ensure product authenticity (WHO 2013). The data required for effective tracking and tracing are brand names of cigarettes; trademark holders; harmonized tariff schedule numbers; customs duties and payment records; taxes paid and payment records; and information as to whether the goods were previously reported stolen, destroyed, seized, or returned to the manufacturer. Tracking-and-tracing systems are non-intrusive and require minor adjustments to production lines.⁷ There are a number of countries where the implementation of the track-and-trace system increased tax revenues and reduced illicit trade. In Turkey, for example, the implementation of the track-and-trace system led to an increase in tax revenues of 31 percent with no rise in tax rates. Other countries where this system has been implemented are Brazil, Canada, Kenya, Malaysia, Panama, the Philippines, and the United States. Although, as reported in Table 8, Trinidad and Tobago responded “Yes” to the question of whether the country is developing a practical tracking and tracing regime, to date, none of the English-speaking Caribbean countries—including Trinidad and Tobago—has implemented the track-and-trace system.

7. Recommendations and Conclusions

The importance of independent data. This chapter has examined illicit tobacco trade in the OECS countries and Trinidad and Tobago. Although industry data were available and are generally the source of information used to discuss illicit trade in the region, this study opted not to utilize such data. This choice reflects the consensus in the international literature that industry data tend to have an upward bias (see e.g. Liberman et al. 2011). Within the English-speaking Caribbean region, as elsewhere, tobacco industry spokespersons highlight the illicit tobacco trade in urging policy makers to renounce or scale back tobacco control measures, including excise tax increases and other reforms. To counter this strategy, a sub-regional effort is needed to provide independent data on tobacco, including illicit flows.

Progress through political leadership. Caribbean countries can act as both sources and destinations of illicit tobacco, based on their licit and illicit trading activities. For example, for

⁷ WHO (2014) Secretariat study of the basic requirements of the tracking and tracing regime to be established in accordance with Article 8 of the Protocol to eliminate illicit trade in tobacco products, cited in Ross (2015).

St. Vincent and the Grenadines, the 2010 FCTC Report indicated that, even though tobacco is grown in that jurisdiction (WHO 2010), the country also imports manufactured tobacco products (cigarettes) from Trinidad and Tobago.⁸ According to Marquez et al. (2018: 6), *“By far, the largest share (61 percent) of the cigarettes sold in the sub-region is supplied by Caribbean and CARICOM countries; of that total, Trinidad and Tobago accounts for 91.9 percent, followed by the Dominican Republic (5 percent).”* In source countries, such as Trinidad and Tobago, the flows of illicit tobacco may be facilitated by the lack of political will and the attendant lack of institutional capacity to counter the illicit activity. The same holds for destination countries, particularly the smaller Eastern Caribbean States, in which the illicit trade in tobacco is also facilitated by, inter alia, low law enforcement focus. This lack of prioritization may be linked to cultural acceptance of the illegal products.

Resource gaps call for international support. In developing countries, including those in the Caribbean, there is no question that resource restrictions have also limited efforts to control the illicit trade of tobacco and tobacco products (HCC 2016). A major challenge identified by Joossens and Raw (2012: 233) is the *“difference in technical capacity between customs and enforcement authorities in different regions of the world.”* There is a case here for international support to standardize the measures taken to counteract illicit tobacco trade.

This report’s first recommendation in addressing illicit trade is to acknowledge the paucity of relevant and reliable data within the Caribbean and commit to strengthening the information-gathering platform. If the region’s leaders do not realize the true dimensions of the illicit tobacco trade, they will not be in a position to control it. Lecours and Hallen (2016: 202) emphasize that, *“[t]he lack of specific country information has been an important barrier to policy adoption.”* This underscores that, while technology can help law enforcement, the manner in which the law is to be enforced is itself dependent on the extent of data capture.

To successfully combat the illicit trade in tobacco products in the Caribbean, law enforcement authorities must take the lead on data systems, surveillance, and corrective action, including civil and criminal prosecution. Those involved in legitimate import, export, production, storage, and movement of tobacco products, whatever their scope, should work together to address the problem constructively and provide authorities with information and assistance on specified key elements. Further, legitimate market actors should be receptive to the introduction of reporting mechanisms as well as close collaboration to ensure that tracking and tracing systems are in place. Linked to the need for better information are the policy commitments and legislative frameworks required to modernize countries’ technological control capacities.

The evidence is very clear that effective control measures work hand in hand with taxation. While it cannot be said that the Caribbean has not adopted any measures whatsoever, there is

⁸ In many cases, countries can be considered to be in more than one category: source, transit, and destination (WHO 2018a). For example, Trinidad and Tobago can be classified as a source, transit, and destination country, while St. Vincent and the Grenadines functions as a source and destination country for tobacco products.

no question that the areas of coding, verification, tracking and tracing of tobacco products and tax stamps have not been developed to a degree where positive results could be expected.

This leads to the second recommendation of the present study: the need to adequately train personnel and acquire the equipment and systems required to mount an effective technological response to the illicit trade. In this respect, the region stands to benefit from the experience of countries like Brazil, which have had success on this front.

Illicit tobacco trade is affected by both demand and supply considerations: demand by smokers for cheaper or specific tobacco products and the supply of tobacco products by legal and illegal manufacturers looking for more profit (Joossens and Raw 2012). Of course, industry collusion is a means of tax evasion whereby tobacco products are diverted into the illicit market, where sales are tax-free and profit margins on illicit operations are considerably larger.

To reduce illicit trade in tobacco products, it is also critical to secure the legitimate supply chain. This will require that participants in the supply chain take measures to prevent diversion of tobacco products and machinery into illicit trade channels. These measures are intended to promote responsible business conduct that must apply equally to all participants, regardless of size.

Another key component of securing the supply chain involves, as stated earlier, tracking and tracing systems for different commodities. Added to this is the need to properly institute controls on the supply of key components used to manufacture cigarettes. This provides a targeted and powerful mechanism for restricting and ultimately eliminating the production of counterfeit and "illicit white" cigarettes.

In the English-speaking Caribbean, tobacco producers have argued that, *"Over the years, they [governments] have increased taxes so much that they have created a smuggler's paradise. The difference between legal product and illegal product is so huge from a profit standpoint, that people are willing to take that risk, once that remains you will always have smuggling."*⁹ Contradicting this argument is analysis presented by the World Bank, which shows that high levels of illicit tobacco products are linked more closely to corruption and tolerance of contraband sales (Merriman, Yurekli and Chaloupka 2000), as opposed to higher taxes. As a matter of fact, Joossens and Raw (2012) pointed out that illicit tobacco trade occurs in both low- and high-tax jurisdictions and occurs primarily as a result of a lack of control on cigarette manufacturing and the movement of cigarettes across borders. Research in Central and Eastern Africa also highlighted that, while varying tax levels among countries were a factor in cigarette smuggling, even more important contributors were high levels of corruption, weak state capacity to monitor and enforce, and the activities of rebel groups (Titeca, Joossens and Raw 2011). Interestingly, Joossens and Raw (2012) further pointed out that cigarette smuggling is more prevalent in low-income countries than in

⁹ See Illicit Trade a Big Problem (Retrieved from, <http://www.guardian.co.tt/business/2018-04-07/illicit-trade-big-problem>)

high-income countries. *Tobacco Tax Reform: at the Crossroads of Health and Development* (World Bank 2017) reinforces the arguments in these earlier studies.

The situation facing the Caribbean is one where a purposeful, strategic attack on illicit tobacco trade is necessary. Most of all, this calls for political commitment at the highest level, a commitment to adopt the available technology, and a commitment to significantly improve the data situation. The capacity of the tobacco industry to confuse the picture is directly linked to the low data-capture level that now prevails. If the region is to reduce exposure to the heavy price in preventable death and disease as well as the heavy drain on health expenditure caused by tobacco consumption, steps will have to be taken to limit the consumption of illicit tobacco. These steps are not unknown to us and are certainly not beyond the ken of the customs and tax officials in the different countries. The important point is that something substantial needs to be done. To do nothing would be to settle for the fact that tobacco will continue to kill almost half of those who use it and to impose a heavy economic burden on our countries.

The truth is that dealing with the illicit trade problem is well within the capacity of this region. At the country level in the Caribbean, the main enforcement bodies are usually customs authorities, with the possibility of creating specialized police units. However, since proper enforcement presumes that professionals will carry out their responsibilities with integrity, measures will be needed to ensure that this integrity is not compromised. **This means that the third recommendation is for steps to be taken to reduce or eliminate corruption in the sphere of illicit tobacco trade.**

In summary, this study calls for action in three critical areas:

1. **Data systems.** A major upgrade in the quality of current intelligence and information provided to enforcement officials about smuggling and domestic illicit production methods/players. Simple practical guidance will also be helpful, and this must be kept up-to-date to reflect trends, developments, and players in the illicit trade.
2. **Technology and skills.** Training personnel and adopting technology to facilitate coding practices and the latest anti-counterfeit techniques, and to help customs officials detect false compartments even when scanners are not available.
3. **The corruption fight.** A determination to reduce corruption, which remains a major enabler of illicit tobacco trade. To this end, if the culture of corruption that might be present is to be stamped out, there will have to be a willingness in the Caribbean to demonstrate visionary leadership and efficient management, as well as a preparedness to arrange appropriate remuneration and ethics training of personnel involved in the monitoring of the illicit tobacco trade.

To date, Caribbean countries have focused substantial tobacco control efforts on legislation. But good laws, while crucial, are not enough. The need now is to take the fight to another level—one where effective measures are implemented to deal with the illicit tobacco trade.

The FCTC Protocol seeks to eliminate all forms of illicit trade in tobacco products through a suite of measures to be taken by countries acting in cooperation. It offers a global solution to a global problem. The time has come for the Caribbean to make a significant contribution to this global solution.

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Annex

Taxes on the Most-Sold Brand of Cigarettes for CARICOM Countries

COUNTRY	YEAR	MOST SOLD BRAND OF CIGARETTES - TAXES AS A % OF PRICE - SPECIFIC EXCISE	MOST SOLD BRAND OF CIGARETTES - TAXES AS A % OF PRICE - AD VALOREM EXCISE	MOST SOLD BRAND OF CIGARETTES - TAXES AS A % OF PRICE - IMPORT DUTIES	MOST SOLD BRAND OF CIGARETTES - TAXES AS A % OF PRICE - VALUE ADDED TAX	MOST SOLD BRAND OF CIGARETTES - TAXES AS A % OF PRICE - OTHER TAXES	MOST SOLD BRAND OF CIGARETTES - TAXES AS A % OF PRICE - TOTAL TAX	TOBACCO EXCISE TAXES INCREASED 2008-2016
	2016	0	0	0	13.04	2.43	15.47	
	2014	0	0	0	13.04	1.59	14.63	
Antigua and Barbuda	2012	0	0	0	13.04	1.95	15.00	NA
	2010	0	0	0	13.04	1.72	14.77	
	2008	0	0	0	13.04	1.72	14.77	
	2016	11.26	0	0	13.04	0	24.30	
	2014	10.35	0	0	13.04	0	23.40	
Dominica	2012	10.35	0	0	13.04	0	23.40	No
	2010	12.57	0	0	13.04	0	25.61	
	2008	12.57	0	0	13.04	0	25.61	
	2016	0	31.80	0	13.04	1.89	46.73	
	2014	0	32.76	0	13.04	1.95	47.76	
Grenada	2012	...	...	...	...	...	...	No
	2010	0	34.70	0	13.04	1.74	49.48	
	2008	0	0	40.50	0	0	40.50	
	2016	28.27	0	0	14.16	2.05	44.48	No
	2014	26.25	0	0	14.16	2.52	42.94	
Jamaica	2012	31.82	0	0	14.16	0.08	46.06	(2016 tax rate lower than 2008 despite intermittent increases)
	2010	36.21	0	0	14.89	0.08	51.18	
	2008	29.63	0	0	14.16	0.09	43.88	

COUNTRY	YEAR	MOST SOLD BRAND OF CIGARETTES - TAXES AS A % OF PRICE		MOST SOLD BRAND OF CIGARETTES - TAXES AS A % OF PRICE - AD VALOREM EXCISE		MOST SOLD BRAND OF CIGARETTES - TAXES AS A % OF PRICE - IMPORT DUTIES		MOST SOLD BRAND OF CIGARETTES - TAXES AS A % OF PRICE - VALUE ADDED TAX		MOST SOLD BRAND OF CIGARETTES - TAXES AS A % OF PRICE - OTHER TAXES		MOST SOLD BRAND OF CIGARETTES - TAXES AS A % OF PRICE - TOTAL TAX		TOBACCO EXCISE TAXES INCREASED 2008-2016
		- TAXES AS A % OF PRICE - SPECIFIC EXCISE	- TAXES AS A % OF PRICE - AD VALOREM EXCISE	- TAXES AS A % OF PRICE - IMPORT DUTIES	- TAXES AS A % OF PRICE - VALUE ADDED TAX	- TAXES AS A % OF PRICE - OTHER TAXES	- TAXES AS A % OF PRICE - TOTAL TAX	- TAXES AS A % OF PRICE - TOTAL TAX	- TAXES AS A % OF PRICE - TOTAL TAX					
Saint Kitts and Nevis	2016	0	4.03	0	14.53	1.21	19.76							
	2014	0	4.03	0	14.53	1.21	19.76							
	2012	0	4.18	0	14.53	1.25	19.96							No
	2010	0	5.01	0	7.10	1.89	14.00							
	2008	0	6.52	0	9.23	2.46	18.20							
Saint Lucia	2016	39.11	0	0	13.04	0.93	53.09							
	2014	48.55	0	0	13.04	1.29	62.88							
	2012	28.71	0	0	0	1.20	29.91							Yes
	2010	0	24.92	0	0	1.62	26.54							
	2008	0	28.25	0	0	1.84	30.08							
Saint Vincent and the Grenadines	2016	5.17	2.48	0	13.04	0	20.69							
	2014	2.2	1.52	0	13.04	0	16.76							
	2012	1.83	1.08	0	13.04	0	15.96							Yes
	2010	1.67	1.28	0	13.04	0	15.99							
	2008	1.67	1.44	0	13.04	0	16.15							
Trinidad and Tobago	2016	14.65	0	0	11.11	0	25.76							
	2014	16.57	0	0	13.04	0	29.61							
	2012	19.54	0	0	13.04	0	32.58							No
	2010	20.69	0	0	13.04	0	33.73							
	2008	23.64	0	0	13.04	0	36.69							

Source: WHO Report on the Global Tobacco Epidemic 2017, Appendix IX, Table 9.1

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

