

Illicit tobacco

Councillor Briefings, July 2022

Key points:

- Since HMRC introduced a comprehensive strategy to tackle illicit trade in 2000, the size of the illicit tobacco market in the UK has declined
- However, the continued availability of cheap, illicit tobacco undermines the effectiveness of tobacco control interventions, makes it harder for smokers to quit and stay quit, and facilitates the uptake of smoking among young people
- Illicit tobacco is often linked to wider organised crime and facilitated by the tobacco industry

What is illicit tobacco?

Illicit tobacco refers to a [wide range of illegal tobacco products and their distribution](#):

- **Smuggling** – the illegal import and sale of genuine products, often from low tax jurisdictions, without paying tax
- **Bootlegging** – the smuggling of products from low tax jurisdictions into the UK for re-sale.
- **Counterfeiting** – the illegal manufacture and sale of products without the consent of the trademark or copyright holder.
- **Illicit whites** – cigarettes manufactured specifically for the illegal market and illegally imported to the UK, usually made outside of the European Union. Brands include Jin Ling and Raquel.

What are the local impacts of illicit tobacco?

On health

The availability of untaxed illicit tobacco for as little as half the price of legal taxed tobacco products [increases the demand for tobacco products](#) and [undermines the public health impact of tobacco tax rises](#) – a key population-level intervention which unequivocally reduces smoking uptake and encourages cessation.

On revenue

Illicit tobacco cost the UK [£2.3 billion](#) through lost taxable income in 2019-20. Enough to pay for the salaries of 69,644 nurses for a whole year.

On crime

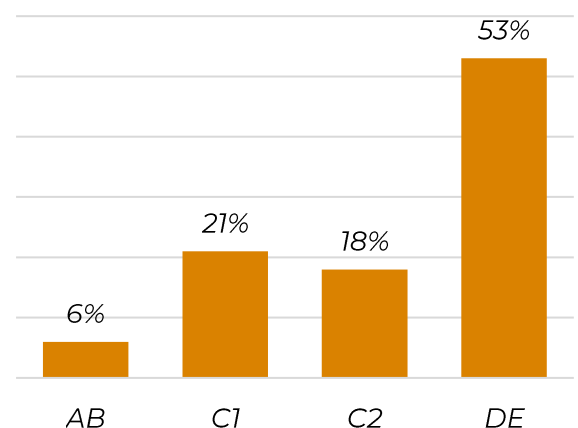
Illicit tobacco is often linked to wider crime, most often regional, national, and international organised crime, which filters through as low-level crime harming local communities.

What is the impact of illicit tobacco on health inequalities?

Disadvantaged people who smoke

The illicit tobacco trade exacerbates existing health inequalities between low-income groups and the wider population. Illicit tobacco is most commonly available and purchased in low-income communities, where [smoking rates are already disproportionately high](#). It also undermines the

% of smokers by socioeconomic status who have ever bought illicit tobacco (North East England Illicit Tobacco Study, 2017)



impact of tobacco tax rises, one of the most effective measures for tackling health inequalities, as tax rises have been found to [most encourage quitting amongst low-income groups](#) who are most price-sensitive.

Young people and children

The availability of cheap illicit tobacco also facilitates smoking among young people. [Research from the North East of England](#) showed that nearly three quarters of smokers aged 14 to 15 have been offered illicit tobacco, and that 55% have bought it.

How is the tobacco industry implicated?

Tobacco companies have been [complicit in the illicit trade of their own products for decades](#). This often involves companies oversupplying a market with their products, knowing that a proportion of the excess will end up in the illicit market. Leaked internal documents reveal that in the 1990s smuggling was an integral part of tobacco companies' business plans. Despite public investigations, court cases, and negative publicity, [2018 research](#) shows that the industry remains involved in smuggling, with tobacco industry cigarettes accounting for two-thirds of the illicit market.

Selected quotes from [leaked Big Tobacco documents](#):

[Gallagher, 1997](#): "We need to create a demand for Amber Leaf among the newer, younger consumers to encourage [...] a willingness among bootleggers to sell Amber Leaf."

[Imperial Tobacco, 2001](#): "We do not want only foreign brands to be imported to the UK. It's important that whatever is going on, our brands are not excluded from it."

[Imperial Tobacco, 1994](#): "Following a loss of share in 1992, ITL rebounded by making its major trademarks available in smuggled channels in the second half of 1993."

Actions for local councils

1. **Support national calls for further action on illicit tobacco and to reduce the affordability of tobacco** Councils should support policy recommendations made [by the APPG on Smoking and Health](#) to be, which would tackle illicit tobacco trade, such as funding regional illicit tobacco programmes
2. **Ensure trading standards activity is part of your comprehensive local tobacco control strategy** Tackling illicit tobacco is key to preventing smoking uptake and encouraging people to quit and stay quit, especially in priority groups. [Trading standards activity on illicit tobacco](#) should be considered a non-negotiable part of local tobacco control strategies.
3. **Collaborate to address illicit tobacco regionally** The illicit tobacco trade does not operate within local authority boundaries and is therefore most effectively and cost-effectively tackled at a regional level or in collaboration with neighbouring local authorities. This could include pooling budgets for enforcement activity and facilitating [broader communications campaigns](#) raising awareness about the harms of illicit tobacco and generating intelligence.

North East of England illicit tobacco programme

The original [North of England illicit tobacco programme](#) highlighted action councils can take to reduce the market for illicit tobacco. This has been sustained in the North East of England with a [comprehensive strategic framework](#) developed to deliver work across eight areas designed to reduce both demand and supply of illicit tobacco.

Demand is reduced through evidence-based social marketing campaigns that shift comfort levels and increase intelligence such as the [Keep It Out campaign](#). **Supply** is reduced through strategic partnerships including local authorities, health organisations, HMRC, and police sharing intelligence and enforcement activity.