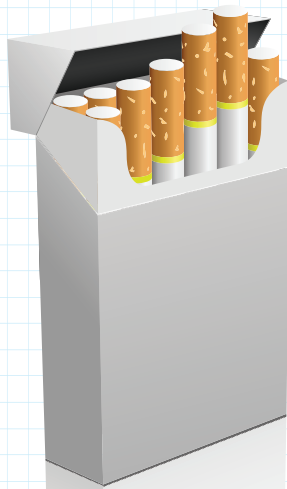


Ukraine's Public-Private Partnership to Combat Cigarette Smuggling

Perspectives from Tobacco Producers

The Ukrainian Association of Tobacco Producers (Ukrtyutyun) was established in 1996 and represents the interests of 10 tobacco manufacturers based in Ukraine. It has taken on a prominent role in advocating for tougher measures to combat cigarette smuggling, and together with EUBAM and the Government of Ukraine, they have been at the forefront of developing the country's Anti-Illicit Tobacco Strategy.

What is the cost to the EU of cigarette smuggling each year?



53 billion

counterfeit and contraband cigarettes were consumed in the European Economic Area in 2015.

If the same volume of cigarettes had been legally consumed, €11.3 billion of additional tax revenue would have been raised.

Source: KPMG study of the illicit cigarette market in the European Union, Norway and Switzerland in 2015

Are smuggled cigarettes just cheaper, or can they also be harmful?

Available on the black-market, fake cigarettes are cheaper than their genuine brand-name counterparts, but many contain far higher levels of toxic ingredients such as tar, nicotine, carbon monoxide, lead and arsenic. They may also contain up to 500% more of the toxic metal cadmium.

Fake cigarettes pose a greater fire risk as they do not include components that ensure they self-extinguish if not actively smoked. They are mainly produced in unsanitary conditions. Laboratory analysis of counterfeit cigarettes showed "ingredients" such as pieces of CD disks and rat excrement.



Tobacco mixing at an illegal cigarette production site

Source: Ukrtyutyun

Sound tasty?

Cadmium is a minor metallic element. It is used in pigments, coatings, stabilizers, specialty alloys and rechargeable batteries. Exposure to certain forms and concentrations of cadmium is known to produce toxic effects on humans.

How is the tobacco industry helping to counter cigarette smuggling?

The tobacco industry in Ukraine advocates for new regulations which make it harder for counterfeit and contraband cigarettes to be produced. Ukrtyutyun was successful in having legal requirements for tobacco goods equipment registration, and the destruction of seized tobacco goods equipment to be introduced.

Some industry initiatives are currently under consideration by the Government of Ukraine, including introducing criminal sanctions for smuggling tobacco goods, and drafting a National Strategy for Countering Illegal Manufacturing and Turnover of Tobacco Goods.

The industry has also worked closely with the State Fiscal Service to introduce anti-illicit trade measures such as blocking tobacco goods traffic at the Platonove and Kuchurhan Border Crossing Points on the Transnistrian segment of the Ukrainian - Moldovan border, which were known as routes for smuggling contraband cigarettes into EU.

Together with the Ukrainian authorities, Ukrtyutyun shares information about points of sale dealing with smuggled tobacco goods and other anti-illicit trade information.

What should the Ukrainian Government do to clamp down on tobacco smuggling?



Introduce criminal sanctions for contraband tobacco goods;



Introduce separate criminal sanctions for illegal use of trademarks for tobacco goods;



Pass the National Strategy for Countering illegal Manufacturing and Turnover of Tobacco Goods;



Introduce a track and trace system based on digital alpha-numeric codes printed directly onto tobacco goods packaging;



Allow industrial representatives to be physically present during the destruction of seized tobacco goods;



Establish co-operation between Ukraine's State Fiscal Service and postal courier companies to prevent cigarettes smuggling through the mail.

