

[http://www.who.int/mediacentre/news/notes/2012/tobacco\\_20120404/en/](http://www.who.int/mediacentre/news/notes/2012/tobacco_20120404/en/)

## **World Health Organization**

### **New protocol proposed to address illicit trade in tobacco products**

## **A key moment for global tobacco-control efforts**

Note for the media

*4 April 2012 / Geneva* - After four years of negotiations, the Intergovernmental Negotiating Body (INB), with the participation of over 135 countries, agreed on a text of a Protocol to eliminate illicit trade in tobacco products.

"This is a historic moment for global tobacco-control efforts, as this is the first protocol under the WHO Framework Convention on Tobacco Control (WHO FCTC)", says Mr Ian Walton-George, Chairman of the INB. "By agreeing to this Protocol, governments have reiterated their commitment to protect public health and tackle illicit trade in tobacco products."

### **Combating illicit trade in tobacco**

The Protocol sets the rules for combating illicit trade in tobacco products through control of the supply chain. It also establishes what constitutes unlawful conduct and sets out related enforcement and international cooperation measures.

Under the Protocol, the Parties propose to establish a global tracking and tracing system for tobacco products and reached agreement on other measures, such as licensing, liability, enforcement, information-sharing and mutual legal assistance. These measures are designed to counteract and eventually eliminate the illicit trade in tobacco products.

Illicit trade increases the accessibility and affordability of tobacco products, thus contributing to the spread of the tobacco epidemic; it is a global problem with serious consequences for health. It also undermines national economies and the tobacco-control policies of governments. The Protocol builds upon and complements Article 15 of the WHO FCTC.

The Protocol will be submitted for consideration and adoption to the Conference of the Parties to the WHO FCTC in Seoul, Republic of Korea, in November 2012.

Once adopted, it would become the first Protocol to the WHO FCTC, which is itself the first and only global health treaty negotiated under the auspices of WHO. The Protocol will enter into force after 40 ratifications.

It was also agreed that the Secretariat of the WHO FCTC will serve as the Secretariat of the Protocol.

### **Note to editors**

The WHO FCTC was adopted by the World Health Assembly on 21 May 2003 and entered into force on 27 February 2005. It has since become one of the most rapidly and widely embraced treaties in United Nations history, with 174 Parties to date.

The INB was established by the Conference of the Parties in 2007 and has held five sessions since then to complete the negotiations, in addition to extensive inter-sessional work to support those negotiations.

### **For more information,**

**<http://af.reuters.com/article/commoditiesNews/idAFL6E8F4B9L20120404se>**

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<http://www.deseretnews.com/article/765565900/UN-says-nations-move-to-fight-cigarette-smuggling.html>

UN says nations move to fight cigarette smuggling  
By John Heilprin  
Associated Press

Published: Wednesday, April 4 2012 10:30 a.m. MDT

GENEVA — Nations have crafted a draft treaty to fight a booming trade in illicit tobacco products that's costing governments as much as \$50 billion a year in lost tax revenue, officials said Wednesday.

After four years of negotiations, U.N. officials said, some 136 nations ended those talks with a consensus draft agreement to crack down on tobacco smuggling. But there are notable holdouts to the negotiations — the United States, Indonesia and more than a dozen other nations — where the treaty would have no effect.

No one — even a major tobacco maker that says it supports the crack down called for in the new agreement — disputes the severity of the problem.

"The illicit trade is 90 percent more than what we're catching," said Ian Walton-George, a former European anti-fraud official who headed the international negotiations. "But those are finger-in-the-air estimates. Nobody really knows."

On Tuesday, Luxembourg customs authorities seized 38 tons of counterfeit cigarettes being flown into the European Union, likely from Dubai, officials said. The seized cigarettes — more than 25 million of them — were fake Palaces, a brand long targeted by counterfeiters and discontinued by its manufacturer.

The draft agreement sets new rules for controlling the global supply chain for tobacco such as requiring licensing of producers, brokers and warehouse keepers, said Walton-George, now a special adviser for the European Commission. He said it also would create a global tracking and tracing system for shipments.

It is to be taken up by 174 member nations in the U.N.'s World Health Organization when they meet in Seoul, South Korea, on Nov. 12-17.

"This is really a major public health step," said Dr. Haik Nikogosian, head of a global treaty to control tobacco, of which the new draft agreement would be part. The umbrella treaty — considered the world's first for a global public health issue — is administered by the Geneva-based U.N. health agency.

A Geneva-based alliance representing 350 groups that support stricter controls on tobacco said the draft agreement would help raise government taxes that could be used to further their cause. Poorer countries tend to lose more potential tax revenue to illicit trade in cigarettes, the Framework Convention Alliance said, which also undermines attempts to reduce tobacco consumption through price increases — the most effective way of curbing tobacco use.

"The illicit trade in tobacco feeds the worldwide tobacco epidemic by flooding markets with cheap products," said Paula Johns, who chairs the global alliance.

Nikogosian said tobacco companies, which were excluded from the negotiations, also generally opposed the efforts as more bureaucratic red tape and regulation. Walton-George said negotiators believed tobacco companies shouldn't have been given "any opportunity to influence this."

Public health activists claimed a measure of victory nonetheless in the fight against an illicit trade that WHO has estimated is taking away up to \$50 billion a year in lost tax revenue from governments around the world.

John Stewart, an organizer for the advocacy group Corporate Accountability International, said negotiators representing their countries showed "huge resolve in terms of international cooperation to take on Big Tobacco" companies that fought hard against the negotiations.

But the companies also lose out to the illicit trade, the officials said.

British American Tobacco, the London-based maker of Lucky Strike, Pall Mall, Dunhill and other well-known cigarette brands, said companies were excluded from negotiations, but it disputed that the tobacco industry opposed a new treaty.

"We firmly believe that the only way to stop these smugglers, counterfeiters and tax evaders — who have links to weapons, drugs, people trafficking and organized crime — is for regulators, law enforcement authorities and the tobacco industry to work together," said BAT spokesperson Kate Matrunola.

She said the illicit trade in tobacco products that are counterfeit or don't conform to regulation and are smuggled across borders "damages our business, as well as government revenues, and we want to do everything we can to prevent it."

Most of the smuggling is undertaken by well-funded organized groups, Walton-George said, adding that even old mines are used as hiding places to make illicit tobacco products.

"It's the organized crime that's the real problem," he said. "It's 40-foot (12-meter) container loads of cigarettes that are being smuggled. You need an organization to do that."

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<http://news.ph.msn.com/lifestyle/article.aspx?cp-documentid=6077452>

Updated: Wed, 04 Apr 2012 15:10:42 GMT | By Agence France-Presse

## **135 states agree anti-tobacco trafficking deal**

Negotiators from 135 nations sealed Wednesday a global deal to stem the illegal tobacco trade that could net governments \$50 billion more annually in tax revenues, the World Health Organisation said.

"Illicit trade in tobacco is one of the most dangerous trades at the moment, it's a way of getting cheap, illegal cigarettes into the hands of young people, poor people, people who are in a vulnerable position," said Ian Walton-George, who chaired the negotiations.

The protocol, to be put to a ministerial meeting in November in Seoul for adoption, would not only have a health impact, but could also help governments recover between \$40 and \$50 billion in duties lost in smuggling.

It would require signatory states to establish a tracking mechanism that could help detect and investigate any illegal trade in tobacco products.

Companies involved in the trade, including agents, suppliers and tobacco manufacturers, would have to be licensed under the deal.

Manufacturers would also have to carry out checks on their customers to ensure that they are genuine or if they have associations with criminal organisations.

The products themselves would also have identification markings showing where they were produced, when they were produced and who were their first customers.

"If those products with identification markings fall out of the legal chain, then we can check who produced them, who is the first customer," said Walton-George.

"This would make sure that if there are bad apples in the chain, then we can take action to stop that leakage."

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<http://af.reuters.com/article/commoditiesNews/idAFL6E8F4B9L20120404>

# UPDATE 1-WHO brokers deal to stamp out tobacco smuggling

Wed Apr 4, 2012 5:12pm GMT

- \* Accord would set up track and tracing system for cigarettes
- \* Smuggling robs states of up to \$50 bln in lost taxes annually
- \* Governments still have to adopt new treaty in November

By Stephanie Nebehay

GENEVA, April 4 (Reuters) - Health officials on Wednesday provisionally agreed a global deal to combat tobacco smuggling, a trade the World Health Organisation (WHO) said makes harmful smoking too cheap and robs finance ministries of up to \$50 billion a year.

The agreement requires manufacturers to be licensed and tobacco packaging to bear markings so that any goods sold illegally can be traced back through the supply chain, including to the companies that shipped them, to see where they were diverted.

Tobacco products sold in duty-free shops and over the Internet are covered by a track and tracing system.

The accord also obliges authorities to provide legal assistance to other countries investigating illicit trade channels and to extradite suspects, WHO officials said.

"Illicit trade in tobacco products is one of the most dangerous trades around at the moment in terms of public health. It's a way of getting cheap cigarettes, illegal cigarettes, into the hands of young people, poor people, people who are in a vulnerable position," Ian Walton-George, who chaired the final week-long negotiations, told a news briefing.

"The finance from this trade is very significant, it gets into the hands of organisations which will use it to finance other crime - human trafficking, drug trafficking, weapons trafficking and even worse," he added.

Formally a protocol to the 2005 Framework Convention on Tobacco Control (FCTC), the world's first public health pact, the new agreement was reached after nearly five years of negotiations, including a fifth and final round this past week.

Activists welcomed the deal, hammered out by officials from 135 countries, and it is likely to be adopted at a WHO meeting in Seoul this November. It then needs to be ratified by 40 countries to enter into force, a process expected to take two years.

Roughly one in 10 cigarettes, or 600 billion, are smuggled each year by organised gangs, experts say.

## PROTECTING PUBLIC HEALTH

"The primary objective of the protocol is to protect public health from this deadly trade," Corporate Accountability International, a U.S.-based advocacy group, said in a statement.

A network of civil society groups, the Framework Convention Alliance, said that illicit trade "undermines attempts to reduce tobacco consumption through price increases - which has proven to be the most effective measure to curb tobacco use."

Tobacco kills nearly six million people a year from cardiovascular disease, cancer, diabetes and other illnesses, according to the WHO, a United Nations agency.

Walton-George, who formerly worked for the European Anti-Fraud Office, said that huge profits are made quickly on tobacco products often churned out in temporary secret factories.

"If you have a production line just operating for two or three weeks, they can be making profits of five million euros a week," he said.

Government exchequers lose \$40 to \$50 billion a year to smuggling in lost duty and unpaid taxes, according to Dr. Haik Nikogosian, who heads the tobacco treaty's secretariat.

"There has been some evidence that tobacco manufacturers themselves fuelled illicit trade," he said on Wednesday.

Several countries in which major tobacco companies are based, including the United States and Switzerland, will not be subject to the smuggling clampdown as they never ratified the original treaty, although they do have their own measures.

Industry giants Philip Morris International and British American Tobacco have previously said they would back a pact with effective measures against illicit trade.

"We firmly believe that the only way to stop these smugglers, counterfeiters and tax evaders - who have links to weapons, drugs, people trafficking and organised crime - is for regulators, law enforcement authorities and the tobacco industry to work together," a BAT spokesperson said on Wednesday.

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<http://www.voanews.com/english/news/economy-and-business/Nations-Agree-on-Draft-Treaty-to-End-Illicit-Tobacco-Trade--146134795.html>

Voice of America, April 04, 2012

## Nations Agree on Draft Treaty to End Illicit Tobacco Trade

Lisa Schlein | Geneva

After four years of negotiations, representatives of 135 nations have unanimously agreed on the text of a protocol to end the illicit trade in tobacco products. Nations are expected to adopt the protocol, the first under the [WHO Framework Convention on Tobacco Control](#), in November.

### Governments losing tax revenue

The Intergovernmental Negotiating Body, or INB, which supervised the drafting of the treaty text, estimates governments lose up to \$50 billion a year in tax revenue from the illicit trade in tobacco products. It estimates that at least 10 percent of global cigarette sales result from smuggling cigarettes.

The chairman of the INB, Ian Walton-George, says the aim of the protocol is to stop this hugely profitable trade.

"The finance from this trade is very significant. It gets into the hands of organizations, which will use it to finance other crime, human trafficking, drugs trafficking, weapons trafficking and even worse," he said.

### Combating tobacco smuggling

Walton-George says cracking down on this illicit trade will protect public health because people will not be able to buy cigarettes and other tobacco products cheaply.

The protocol sets the rules for combating tobacco smuggling through control of the supply chain. Parties to the protocol will establish a global tracking system to try to ensure only legal products flow through the market.

Walton-George says if any of tobacco products escape into the illegal channels, there will be a way of tracing their origin.

"There will be identification markings on the packaging of all these products so that we will be able to find out where they were produced, who they were sold to, how they were transported and, then of course, we start asking the questions, why did it slip out of the genuine market," he explained. "How did it slip out of the genuine market and the parties to the protocol will be able to take action against people if they are failing to properly control the supply chain."

Walton-George tells VOA tobacco smugglers target all markets, not just developing countries. In fact, he says it is more profitable for them in wealthy countries where taxes are high.

"If you get your cigarettes into the market without paying the duties and taxes, you are going to make a very big profit, even if you sell it at half price, you will make a vast amount of money...and the penalties are less than if you were smuggling drugs."

Tobacco companies were barred from participating in the discussions because of concerns they might try to influence the negotiations.

After the protocol is adopted, as expected, at the end of the year, 40 ratifications will be needed for it to enter into force. The World Health Organization says it could then take up to five years to put the illicit tobacco tracking system into place.

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**From:** Bettcher, Douglas William [mailto:bettcherd@who.int]  
**Sent:** 05 April 2012 03:46  
**To:** Dr J Mackay  
**Subject:** FW: WHO note for the media / New protocol proposed to address illicit trade in tobacco products

Hello Judith, Not sure if you've see the press note regarding the illicit trade protocol? The INB agreed on the text by consensus. It now goes on to COP5. Doug



**Note for the Media**  
**4 April 2012**

**New protocol proposed to address illicit trade in tobacco products**

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"This is a historic moment for global tobacco-control efforts, as this is the first protocol under the WHO Framework Convention on Tobacco Control (WHO FCTC)", says Mr Ian Walton-George, Chairman of the INB. "By agreeing to this Protocol, governments have reiterated their commitment to protect public health and tackle illicit trade in tobacco products."

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All documentation of the meeting can be found at: [http://apps.who.int/gb/fctc/E/E\\_it5.htm](http://apps.who.int/gb/fctc/E/E_it5.htm)

All information about the FCTC can be found at: <http://www.who.int/fctc/en/>

All WHO information can be found at: [www.who.int](http://www.who.int)