

“ESTRATTO DALLA PUBBLICAZIONE TRANSCRIME”

transcrime
Joint Research Centre on Transnational Crime

European Outlook on the Illicit Trade in Tobacco Products

Executive Summary



KEY MESSAGES

The illicit cigarette market is changing rapidly in size, products, flows, actors and *modi operandi*. Policies underestimate the dynamic nature of the illicit market.

1.

The proceeds of the illicit cigarette market range between €8 and €11 billion. Between 2006 and 2013 the illicit market changed remarkably, shrinking in some areas and booming in others.

The types of illicit cigarettes are rapidly evolving: illicit whites have steadily grown in number while other illicit cigarettes (those involved in bootlegging, small/large scale contraband) are falling. Counterfeits are stable.

2.

3.

The illicit cigarettes consumed in the EU often originate from non-EU countries. European institutions should carefully consider the asymmetries among markets that generate criminal opportunities for the illicit trade.

Between 100,000 and 150,000 people may be involved in the EU illicit cigarette market at different levels. Large scale flows account for the largest share of the illicit cigarette market. Large scale operations are run by senior, more experienced criminals.

4.

Law enforcement deters the illicit trade to only a small extent. In 2013, the individuals reported to national authorities accounted for only 7% of those involved in the EU illicit cigarette trade; seizures concerned 6.7% of the illicit cigarette market in 2013.

5.

Policymakers and law enforcement agencies should introduce innovative measures aimed at reducing criminal opportunities.

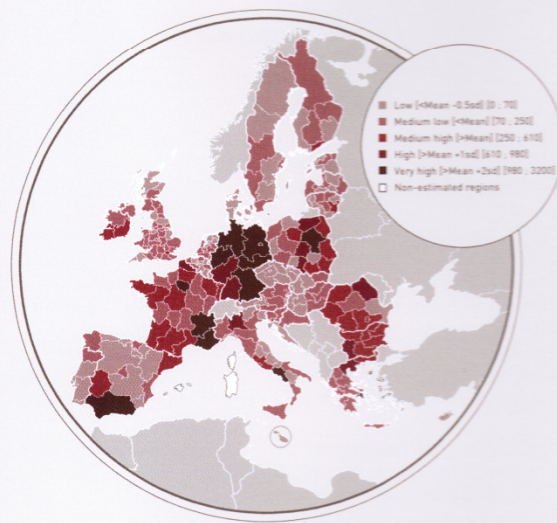
01. THE SIZE OF THE ILLICIT CIGARETTE MARKET

Estimation of the illicit cigarette market in 247 subnational areas of the EU for the period 2006-2013 extends beyond existing estimates at the national level. It identifies concentrations of the volumes, the prevalence (illicit cigarettes per 100,000 inhabitants) and the proceeds of the illicit market, enabling more detailed analysis of the ITTP at the local level.

VOLUMES *of* ILLICIT CIGARETTES MILLION STICKS (2013)

Map 1. Source: Transcrime estimates

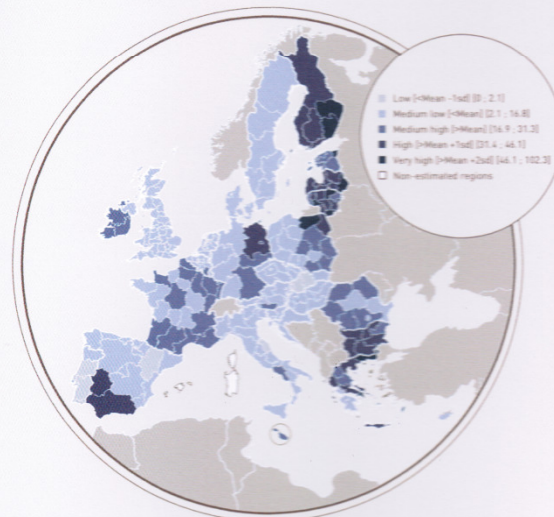
The illicit cigarette trade is concentrated in specific areas. In 2013, the volumes of illicit cigarettes exceeded 1 billion in thirteen areas (six in Germany, three in France, one each in Spain, Greece, Poland, and Italy). These areas accounted for nearly 35% of the EU illicit market, estimated at around 59 billion cigarettes in 2013.



PREVALENCE *of* ILLICIT CIGARETTES MILLION STICKS PER 100,000 INHABITANTS (2013)

Map 2. Source: Transcrime estimates

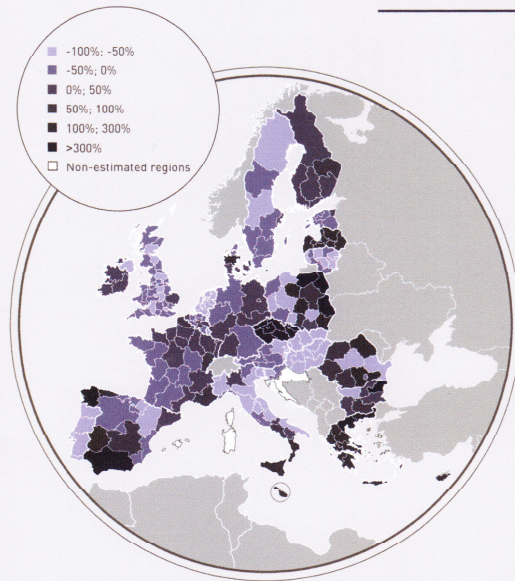
In 2013, seven areas reported a prevalence higher than 50 million illicit cigarettes (equal to 500 cigarettes yearly, or 10 cigarettes weekly per inhabitant, including non-smokers). Two areas were located in Greece and Lithuania, and one each in Estonia, Latvia, and Poland.



PERCENTAGE CHANGE

IN THE PREVALENCE *of* ILLICIT CIGARETTES

MILLION STICKS PER 100,000
INHABITANTS (2006-2013)¹



Map 3. Source: Transcrime estimates

Between 2006 and 2013, the illicit cigarette market constantly evolved in terms of time and space. Fewer than half of the areas reported a modest variation in the illicit trade (between -50% and +50%). In 64 areas, illicit cigarettes increased by more than 50%, with impressively high growth (>300%) in 16 areas located in Bulgaria, the Czech Republic, Greece, Poland, and Spain. At the same time, however, the illicit market decreased by more than 50% in 63 areas.

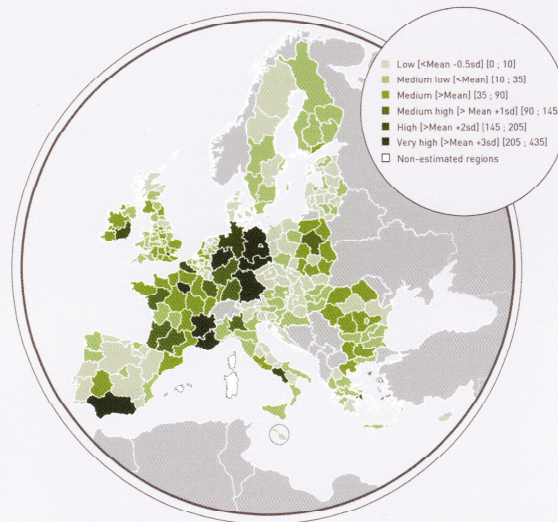
PROCEEDS *of*

THE ILLICIT CIGARETTE MARKET

MIDPOINT ESTIMATES,
MILLION EUROS (2013)

Map 4. Source: Transcrime estimates

The illicit cigarette market yields proceeds amounting to between €8 billion and €11 billion yearly. In the EU, the revenues generated by the ITTP are comparable to those of the cocaine or heroin markets.



Analysis of the estimates of the illicit cigarette market and other socioeconomic conditions of the areas provides some indications for future research: the levels of illicit cigarettes are associated with wealth, price of legal cigarettes, and crime levels in

the areas concerned. Other important factors, such as the attitude of the population to the purchase of illicit goods or the likelihood of being sanctioned or arrested, could not be tested owing to the lack of reliable and comparable data.

