



For Immediate Release: 11 February 2008

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Nations to Launch Negotiations on Treaty to Combat Illicit Tobacco Trade *International Cooperation Can Save Lives and Billions of Dollars*

GENEVA, SWITZERLAND – On February 11, representatives from more than 150 countries will begin negotiations here on an historic international treaty to combat illicit trade in tobacco products – a massive global problem that undermines efforts to reduce tobacco use and save lives, helps fund organized crime and terrorist organizations, and costs governments billions in revenue.

The Framework Convention Alliance (FCA), an international alliance of more than 300 non-governmental organizations, urges countries to negotiate a strong treaty that can help reduce tobacco use and its devastating health and financial consequences around the world.

Tobacco use currently claims more than five million lives worldwide each year, and that number is projected to double by 2020, with 70 percent of these deaths in developing nations, according to the World Health Organization (WHO).¹ It also costs nations huge sums annually in health care costs and lost productivity.

Illicit trade refers primarily to the smuggling and counterfeiting of tobacco products, which are the world's most widely smuggled legal consumer product. The illicit trade treaty will be a supplementary treaty, or protocol, to the existing WHO tobacco control treaty, the Framework Convention on Tobacco Control (FCTC), which became international law in February 2005.

The FCTC obligates ratifying nations, which now number 152, to implement effective measures to reduce tobacco use, including higher tobacco taxes, strong health warnings, laws requiring smoke-free workplaces and public places, and bans on tobacco advertising, promotion and sponsorship. However, illicit tobacco trade undermines the effectiveness of many of these measures, especially higher tobacco taxes, and encourages smoking, especially among price-sensitive young people, by making cigarettes available cheaply.

“By supporting a strong illicit trade treaty, nations can strengthen their own efforts to reduce tobacco use and help their people live longer and healthier lives,” said Laurent Huber, Director of the Framework Convention Alliance. “Smuggled and counterfeit tobacco products undermine national tobacco control policies, especially tobacco taxes, and contribute to higher tobacco consumption and more smoking-related illness and death.”

It has been estimated² that illicit trade accounted for 10.7 percent of global cigarette sales in 2006, or about 600 billion cigarettes. This analysis found that the illicit tobacco trade deprives governments of \$US 40-50 billion in tax revenue each year. This is greater than the GDPs of two-thirds of the world's countries.³

In addition to being a public health problem and a financial problem, the illicit tobacco trade is also a law and order problem, and even a threat to international security. There is evidence that the illicit tobacco trade is carried out by transnational criminal groups and has been used to raise funds for terrorist organizations.⁴

Nations that are party to the WHO tobacco control treaty agreed in July 2007 to negotiate the supplementary treaty on illicit trade. They did so to prevent illicit trade from undermining other tobacco control efforts and in recognition that the illicit tobacco trade is a transnational problem that cannot be addressed without a comprehensive system of international cooperation. Countries have set a goal of completing the illicit trade treaty by 2010.

The Framework Convention Alliance is urging governments to include the following provisions in the illicit trade protocol:

- An international tracking and tracing system of tobacco products;
- Anti-money laundering measures;
- System of record keeping for all imports and exports of tobacco products;
- Obligations for tobacco manufacturers to control their supply chain with penalties for those that fail to do so;
- The criminalization of participation in illicit trade in various forms;
- Increased international cooperation in the sharing of information and prosecution of offences.

The Framework Convention Alliance is made up of over 300 organizations representing over 100 countries around the world. It was created to support the development, ratification, and implementation of the WHO FCTC. For more information, including a list of members, visit www.fctc.org.

¹ World Health Organization, *Building Blocks for Tobacco Control: A Handbook* (2004) 6, http://www.who.int/tobacco/resources/publications/tobaccocontrol_handbook/en/

² Framework Convention Alliance, *How big was the illicit trade problem in 2006?* (Geneva 2007), <http://fctc.org/docs/documents/fca-2007-cop-illicit-trade-how-big-in-2006-en.pdf>

³ Framework Convention Alliance, *How big was the illicit trade problem in 2006?* (Geneva 2007), <http://fctc.org/docs/documents/fca-2007-cop-illicit-trade-how-big-in-2006-en.pdf>

⁴ U.S. General Accounting Office, *Terrorist Financing: U.S. Agencies Should Systematically Assess Terrorists' Use of Alternative Financing Mechanisms*, Report to Congressional Requesters GAO-04-163 (November 2003) 11-12, <http://www.gao.gov/new.items/d04163.pdf>; Center for Public Integrity, *Tobacco Companies Linked to Criminal Organizations in Lucrative Cigarette Smuggling* (March 2001), <http://www.publicintegrity.org/report.aspx?aid=351>