



FRAMEWORK CONVENTION ALLIANCE

Bulletin

Building Support for Global Tobacco Control

Inside this issue

Brasil	2
EU Agreements	3
Canada & horoscope	4
Industry quotes	5
US smuggling	7
India shocker	7
Operation Truffle	8

Today

**There are people betting
on the negotiations
finishing today... we'll
see!**

**DEATH
CLOCK**

Since the opening of the first working group for the Framework Convention on Tobacco Control on 25 October 1999, **36,077,686** people have died from tobacco-related diseases.
(At 9am 14 February 2008)

Parties on track in Protocol talks

Day Three saw continuation of the constructive discussion that has characterised this first session of the INB.

Having concluded discussion of internet sales with broad consensus on the need for strong measures in this area, the Parties worked solidly through the sections of the expert group's template dealing with law enforcement matters.

Broad agreement was reached on the need for strong law enforcement measures to combat the illicit trade in tobacco products, including creation of offences, penalties, search and seizure, confiscation, destruction and disposal, anti-money laundering

measures, special investigative techniques and establishment of jurisdiction.

Parties noted the need for strong international co-operative measures to ensure the effectiveness of these

law enforcement provisions.

Today, the focus of the discussions will be on the international co-operative measures put forward in the template.

Effective international co-operation will facilitate the implementation of the strong measures that Parties have, over the past three days, declared are necessary. Let us be clear that this will save millions of lives and billions of dollars from being needlessly lost.



La contrebande menace la lutte contre le tabagisme au Canada

La communauté internationale de la santé apprécie généralement le travail réalisé dans la lutte contre le tabagisme au Canada. Malheureusement, au cours des dernières années, le pays est de nouveau confronté au grave problème de contrebande qui ne cesse de prendre de l'ampleur.

Bien que le problème fasse les manchettes dans les médias depuis au moins 5 ans déjà, les décideurs politiques tardent à prendre les décisions nécessaires pour mettre un terme à ce fléau.

On ne semble pas avoir tiré les leçons de la précédente crise concernant la contrebande du tabac au Canada au début des années 1990. A cette époque, le gouvernement fédéral avait également trop attendu avant de mettre en place les mesures nécessaires pour faire face à ce problème.

La contrebande avait pris une telle importance que le gouvernement a vu comme seule solution la réduction des taxes en 1994 en vue d'éliminer le marché noir.

(Continued on page 6)

La evolución del mercado negro en Brasil

¿Cómo se puede explicar que un país como Brasil, que ha hecho grandes esfuerzos para controlar el comercio ilícito de cigarrillos, todavía tiene un problema significativo de mercado ilegal? En gran parte porque las redes ilegales siguen adaptándose a las acciones gubernamentales.

Un poco de historia. Entre 1992 y 1998, empresas brasileñas productoras y exportadoras de cigarrillos – registradas ante las autoridades impositivas del país y obligadas a comunicar sus ventas externas – realizaron exportaciones a Paraguay.

Estos exportadores debían colocar un sello indicando que era un producto de exportación y que la venta estaba prohibida en Brasil. Aparentemente, la obligación del sello no siempre se cumplía, lo que permitía a las empresas exportadoras, cuando se descubrían sus cigarrillos, previamente exportados, alegar que eran falsificados. De esta manera no pagaban los impuestos internos, que habían evitado al exportar el producto, y las multas correspondientes.

En pocos años, las importaciones de cigarrillos brasileños menos las exportaciones paraguayas legales alcanzaron 10 veces el consumo total de Paraguay. La mayoría de esos cigarrillos importados no salían legalmente del territorio paraguayo, retornando a Brasil ilegalmente. Este comercio era realizado por intermediarios paraguayos hasta la frontera con Brasil y, desde ahí, por intermediarios brasileños. La entrada por tierra fue la vía principal en aquellos años.

¿Por qué empresas brasileñas realizaron o permitieron esta práctica de inundar el mercado brasileño, con productos propios de menor valor? Dos hipótesis son plausibles:

Primero, en los comienzos de

los años noventa, Souza Cruz e Phillip Morris tenían que enfrentar la competencia de marcas más baratas. Para eso, precisaban producir y comercializar cigarrillos baratos y comenzaron hacerlo, como, por ejemplo, con el Derby, de Souza Cruz.

Pero una manera más rentable de enfrentar esa nueva competencia era: exportar legalmente a Paraguay, con precios menores. Al ser exportado, el producto no paga impuestos internos indirectos; colocar en Paraguay hasta diez veces la capacidad de consumo de ese país y dejar que los intermediarios situados en ese país buscaran mercados en los países vecinos.

Un abogado de la Souza Cruz me explicó que no era problema legal de las empresas de cigarrillos brasileñas si los comerciantes paraguayos compraban cantidades mayores que el consumo local, ni ellas eran responsables por lo que hacían después con esos cigarrillos.

Segundo, aumentar el contrabando servía al objetivo estratégico de reducir la carga impositiva del cigarrillo en Brasil. Con ello la industria argumentaba que altos impuestos causaban una alta participación del contrabando en el consumo. Las grandes empresas pasaron a utilizar la cifra de que el contrabando era 30% del consumo total como bandera y eso formó parte de su estrategia de presionar a las autoridades por reducción impositiva.

Las autoridades no tenían estimaciones propias del contrabando. Las grandes empresas empezaron a exhibir sus cifras del contrabando y esa información pasó a integrar el conjunto de determinantes de las decisiones impositivas. El contrabando en esta fase tiene ya 15 años, y todavía no hay una pesquisa independiente que estime el valor del consumo ilegal en el consumo total.

Este proceso de triangulación

de cigarrillos brasileños vía Paraguay fue eliminado por las autoridades brasileñas al final de 1998, al ser establecido un impuesto de 150% a la exportación. Sin embargo, dejó dos consecuencias que duran hasta hoy.

En primer lugar, motivó la reducción de la proporción de impuesto específico (IPI) en el precio final (de 41% para 20%-25%); y consecuentemente, permitió la disminución del precio real de los cigarrillos en esta década. En 2005, el precio del cigarrillo común brasileño solo superaba al del Paraguay en todo el Cono Sur. Se le pregunto al secretario ejecutivo del Ministerio de Economía en 1999 por que redujeron el IPI de cigarrillos. Su respuesta fue: “La Receita nos explicó que si no disminuíamos, la recaudación iba a caer, porque el contrabando que ya era grande, iba a seguir aumentando”.

En segundo lugar, la práctica de contrabando de los años noventa dejó en operación organizaciones criminales, a ambos lados de la frontera, para alimentar el consumo ilegal de cigarrillos en Brasil. El crecimiento y fortalecimiento de los canales de entrada ilegal en Brasil estimuló la instalación de fábricas en Paraguay.

A partir de 1999, el control y seguimiento de la producción de cigarrillos fue perfeccionado, lo que ciertamente fue un progreso destacable. Pero, a pesar de los avances en la regulación fiscal y sanitaria del producto, del aumento de la acción de represión al contrabando, el mercado ilegal en Brasil no fue reducido substancialmente hasta ahora.

Actualmente, el mercado ilegal está compuesto de los cigarrillos extranjeros, básicamente provenientes de Paraguay, así como cigarrillos producto de la evasión fiscal en Brasil. De acuerdo a diversas estimaciones, la

(Continued on page 4)

How the European Union controls smuggling

Deborah Arnott, Director, ASH-London, and Luk Joossens, Senior Policy Advisor FCA

The European Commission (EC) and ten Member States took a number of tobacco companies to court in the US, in the year 2000, accusing them of “an ongoing global scheme to smuggle cigarettes, launder the proceeds of narcotics trafficking, obstruct government oversight of the tobacco industry, fix prices, bribe foreign public officials, and conduct illegal trade with terrorist groups and state sponsors of terrorism.”

Seizures of smuggled cigarettes in the EU fell by 30 per cent in the first year after legal action was brought and by a further 50 per cent in the second year.

The case was still unresolved when on 9 July 2004 the EC and the Member States agreed to drop their case against PMI in return for PMI agreeing to a stringent set of obligations to control smuggling. The Agreement struck does not constitute an admission of liability by PMI. In December 2007, Japan Tobacco International (JTI), which was also involved in the legal action through its ownership of RJ Reynolds



International, also signed a similar Agreement.

The European Commission and 26 out of its 27 Member States are now all signatories to both Agreements, leaving the UK as the only EU Member State which has not signed up.

Key elements of these Agreements concern payments to governments. Philip Morris is paying the EU US\$1.25 billion over twelve years, JTI US\$400 million over fifteen years, plus payments to compensate for lost taxes and duties and other costs from smuggled cigarettes.

For the first 90 million smuggled cigarettes seized

each year – the equivalent of nine 40-foot container loads - the companies have to pay all taxes and duties due. For any additional amount seized they have to pay 500 per cent of all taxes and duties due. On average, this amounts to an additional €7.5 million for each additional container (US\$11 million dollars at current exchange rates). Seizure payments do not apply to counterfeit cigarettes.

It is too soon to judge the impact of the Agreement with JTI but in the first three years of the PMI Agreement around 180 million of authentic PMI cigarettes were seized, resulting in payments to the EU of around US\$40 million dollars.

Other key elements of the Agreements include:

- compliance measures requiring the tobacco companies to tightly control and regulate the distribution system, and to stop supplying contractors if they are found to be complicit in smuggling
- Marking systems allowing customs to independently identify smuggled cigarettes so that they can be traced back to the contractor who originally bought them from the company.

Concerns have been raised by some tobacco control advocates that these Agreements may be in contravention of Article 5.3 of the WHO Framework Convention on Tobacco Control which states that, “In setting and implementing their public health policies with regard to tobacco control, Parties shall act to protect these policies from commercial and other vested interests of the tobacco industry in accordance with national law.”

However, these are legally binding Agreements made in settlement of the litigation that the EC and Member States were taking against the tobacco companies in the US courts and require the companies to control smuggling of their product or make heavy payments if they fail to do so. They do not, therefore, allow the tobacco companies to interfere in governments’ health policies.

The Agreements are very different from the Memoranda of Understanding that BAT has negotiated and signed with numerous governments, from which the company can withdraw at any time and which are not legally enforceable.

The EU Agreements are legally binding and are subject to mandatory arbitration by the EU and participating Member States, which is enforceable in the courts under the New York Convention.

In addition, the Agreements provide only limited exemption from litigation. Exemptions relate to civil litigation concerning conduct prior to the signature

(Continued on page 7)

Canadian internet and mail order sales

Through the national Tobacco Act adopted in 1997, Canadian legislation in effect bans the use of the internet to sell or promote sales of tobacco.

Canada is divided into 10 provinces, each with its own provincial tobacco tax rate. National legislation prohibits shipments from one province to another, whether by mail, courier, or otherwise. This has proved to be a very effective measure to discourage shipments from low tax provinces to high tax provinces.

There are no material internet sales vendors operating in Canada. The legislation provides the enforcement mechanisms to shut down such vendors. Prior to the legislation coming into force in 1997, some vendors shipped from one province to another. Legislation also makes it illegal to advertise sales by internet or Canadian-based tobacco sales websites offering interprovincial shipments.

The actual text of the legislation reads:

“13. (1) No person shall, for consideration, cause a

tobacco product to be delivered from one province to another or to be sent by mail unless the delivery or mailing is between manufacturers or retailers or the person is otherwise exempted by the regulations.

“(2) No person shall advertise an offer to deliver a tobacco product from one province to another or to mail a tobacco product.”

Technically, the legislation would allow a website to advertise sales with courier delivery within a province. However, this has not materialised because there is no price/tax advantage to shipping product within the same province.

*Rob Cunningham
Canadian Cancer Society*

(Continued from page 2)

oferta ilegal representa entre 20% y 25% del consumo total de cigarrillos del país. La política de reducción del impuesto, como lo demuestra la experiencia internacional, no logró reducir el mercado ilegal.

En 2007, las autoridades fiscales de Brasil iniciaron la implementación del sistema de control y rastreo, que es claramente superior a todas las medidas positivas que fueron implementadas hasta ahora. Este sistema está también de acuerdo con los lineamientos que se están

discutiendo en el ámbito del Convenio Marco. Se espera con eso que la evasión impositiva disminuya substancialmente.

Quedan pendientes, sin embargo, algunos desafíos para enfrentarse al mercado ilegal, como ser el reducir substancialmente la entrada de cigarrillos a través de la frontera con Paraguay.

*Roberto Iglesias,
Centro de Estudos de Integração e
Desenvolvimento*

Thursday's INB horoscope

Aries

Feelings of hopelessness leave you fatigued. Stay focused. Seek food not in cigar-shaped sandwich form.

Taurus

Don't be swept up in the enthusiasm. Cite your own peculiar domestic laws to block progress

Gemini

You will be surprised by news from your home Ministry. You are free to take any positions you wish. Don't waste time waiting for the official cable.

Cancer

Don't waver in your convictions. Be decisive. Avoid terms like "should", "may" and "to the extent possible within national law".

Leo

People around you are easily offended today. Use formal language and terms. It is the *Great Socialist People's Libyan Arab Jamahiriya*, not *Libya*. *Kiribati* is not pronounced like it looks.

Virgo

Practice diplomacy today.

Libra

Someone close to you will try to bully you into acquiescence. Pisces or major donor country is involved.

Scorpio

All signs point to success. Don't let it stop you from adding brackets.

Sagittarius

Remember to have some fun today. See if your paper airplane can make it all the way to the Chair's table.

Capricorn

Channel your inner Japan. Oppose unrealistic concepts like gravity.

Aquarius

Don't lose your perspective. Remember that global warming will put most of these smugglers under water in a few decades.

Pisces

You will see the light at the end of the tunnel. Go toward it.
If it's your birthday today:
We feel very sorry for you indeed.

By their own petard: the tobacco companies and smuggling

A fascinating story is emerging from 40 million pages of internal company documents which were obtained during litigation in the USA.

In public statements, tobacco companies deny any involvement in cigarette smuggling. In contrast, however, their once-secret documents - papers they never intended you to see - raise very serious questions about the complicity of tobacco companies in global tobacco smuggling.

You could listen to health advocates, but it perhaps is more compelling to read unvarnished quotes directly from the cigarette manufacturers. Many, many more exist beyond the handful provided here.

Industry Terminology – Euphemisms for Illicit Trade: transit, DNP, GT

“With regard to the definition of transit it is essentially the illegal import of brands from Hong Kong, Singapore, Japan, etc. upon which no duty has been paid.”

Batuke correspondence
A. George Perutz to Mark Syta
25 August 1989
302000021

"Question: What is Transit Trade?

“We will be consulting here on the ethical side of whether we should encourage or ignore the DNP segment. You know my view is that it is part of your market and to have it exploited by others is just not acceptable...”

Internal BAT correspondence
Keith Dunt to Eduardo Grant
24 June 1992
301674939

“555’s legal business [in Taiwan] has to some extent been compensated by GT sales... The strategy adopted therefore is... to continue to provide a competitive level of support for the 555 family in order to generate both legal and GT volume...”

“BATUKE Company Plan, 1991-1995, Part 1”
October 1990
301615564

BAT’s Upper Management

“... BAT Industries Chairman [Patrick Sheehy] has endorsed the approach that the Brazilian Operating Group increase its share of the Argentinean market via DNP.”

Internal BAT memo
Keith Dunt to Ulrich Herter, Antonio de Castro,
Barry Bramley
18 May 1993
500028732

“Senior Regional Export Manager... as the Coordinator of GT sales world-wide, his responsibilities include:...

- ii) ... agreeing [to] the proposed price structure of all major orders to the General Trade...
- iii) Maintenance of profiles of all main dealers, and monitoring of supply routes
- iv) Proactive search for new GT business...”

“Asia Pacific Regional Business Unit”
Philippa Casingena to Peter Clarke
15 September 1993
503952270

The Economic Benefits of Smuggling

“General trade business... is our primary profit contributor... New GT opportunities will be sought... In the budget year, 16% of total BATUKE resources will be allocated to support our general trade markets.”

“BATUKE Company Plan, 1991-1995, Part 1”
October 1990
301615555

“... the mix of business [in S.E. Asia and the subcontinent] has also changed with a reduced dependency on GT and more focus on Domestic and Duty Free. This provides more security... in terms of risk exposure. Whilst GT will continue to be the dominant trade channel over the next 5 years, it is anticipated that by 1997 total Domestic and Duty Free volumes will surpass GT volumes.”

“SUTL Distributor Strategy, 1995-1999”
Fred Combe
August 1994
500045737

“... 6% of the total world cigarette sales of 5.4 trillion were DNP sales. Eastern Europe and the Asia-Pacific region (c85 bln each) accounted for the majority of this... A key issue for BAT is to ensure that the Group's system-wide objectives and performance are given the necessary priority through the active and effective management of such business.”

“BATCo FIVE-YEAR PLAN: 1994-1998”
20 January 1994
500018206

Fully Integrated into Business Plans

“Both legal and transit importing would be required to properly – and profitably – develop the brand.”

“Nigeria Trip Report, October 2-7, 1990”
Paul Richardson
301777454

“Legal or transit is essentially a side issue [in Thailand] as long as brands are available.”

Internal BAT correspondence
G Coles to D Aitken, 13 May 1991
301136211

(Continued from page 1)

Cette décision a été prise en dépit du fait que le gouvernement fédéral avait en sa possession un rapport prédisant qu'une telle initiative allait entraîner à long terme une augmentation significative de la mortalité due à l'usage du tabac.

En outre, un an plus tard, le Canada n'a pas été en mesure de défendre avec succès sa loi interdisant la publicité sur le tabac devant la Cour suprême du Canada. En l'espace d'un an, le Canada venait donc de perdre ses deux plus importantes politiques de contrôle du tabac.

Ces deux revers ont eu pour conséquence que l'usage du tabac a doublé chez les jeunes dans la province du Québec, passant de 19% en 1991 à 38% en 1996.

Ces défaites ont suscité un réveil au sein de la communauté de la santé au Canada. Il a fallu beaucoup de temps et d'efforts pour récupérer de cette situation malencontreuse.

En effet, le gouvernement fédéral et les provinces, en collaboration avec la communauté de la santé, sont parvenus au fil des années à mettre en place un ensemble de mesures destinées à faire reculer le tabagisme: une nouvelle loi restreignant considérablement la promotion du tabac, de nouveaux avertissements sanitaires sous forme de photos, des interdictions de fumer dans les lieux publics et dans les lieux de travail et de nouvelles hausses de taxes.

Il importe également de rappeler que le gouvernement fédéral et les provinces sont impliqués dans des enquêtes et des procédures à l'encontre des fabricants de tabac canadiens, procédure au civil et en correctionnel pour leur implication dans la crise de la contrebande des années 1990.

Une enquête préliminaire a même permis de démontrer récemment qu'il existait suffisamment de preuves pour intenter un procès en correctionnel

contre la compagnie Japan Tobacco International-Macdonald et son ancien directeur en chef, Ed Lang. Cette même compagnie fait face aussi à des poursuites au civil de l'ordre de 10 milliards \$.

Malheureusement, on assiste depuis quelques années à une reprise de la contrebande au Canada. Bien que les autorités policières fassent tout leur possible pour tenter de juguler le problème, elles admettent publiquement qu'elles ne sont en mesure de saisir qu'une faible proportion des cigarettes destinées au marché noir.

En offrant des cigarettes à faible prix, cette contrebande vient à nouveau menacer la lutte au tabagisme en incitant les jeunes à commencer à fumer, en diminuant le nombre d'abandon chez les fumeurs et en occasionnant des rechutes chez les anciens fumeurs.

L'élément nouveau dans la contrebande est que celle-ci n'est plus imputable aux principaux fabricants de tabac canadiens. Les cigarettes de contrebande proviennent cette fois de fabricants illicites établies dans quelques réserves autochtones situées dans les provinces du Québec et de l'Ontario.

On peut néanmoins blâmer en grande partie les fabricants canadiens pour la présente situation. En effet, pendant la première crise des années 1990, les fabricants ont exploité les territoires autochtones pour acheminer leurs cigarettes sur le marché noir et ont donc attisé l'appétit des autochtones pour profiter également de cette manne.

Malheureusement, pour des raisons politiques potentiellement explosives, le gouvernement fédéral n'est pas très enclin à faire respecter ses lois fiscales sur ces réserves. De nouvelles stratégies seront donc nécessaires pour pouvoir venir à bout du problème.

Près de 100 organisations canadiennes ont lancé l'année dernière une campagne incitant le

gouvernement à intervenir dans ce dossier en proposant une série de mesures qui pourrait s'appliquer à l'extérieur des réserves.

La principale proposition consiste à contrôler la livraison des matières premières comme les feuilles de tabac ainsi que les machines pour fabriquer les cigarettes afin qu'elles ne soient plus acheminées aux fabricants illicites sur les réserves, proposition que l'on retrouve d'ailleurs dans le protocole.

La communauté de la santé appuie évidemment les démarches entreprises par le gouvernement fédéral pour mettre en place un nouveau système de marquage dans le but de faciliter l'identification des cigarettes illégales. Par contre, compte tenu de l'impact de la contrebande sur la santé publique,



les décideurs politiques devraient cesser de tergiverser et doter le gouvernement des meilleurs outils possible pour combattre la contrebande.

Le ministre fédéral des Finances a du reste récemment annoncé qu'il déposera au Parlement son prochain budget fédéral à la fin du mois. La communauté de la santé souhaite ardemment que ce budget inclue de bonnes nouvelles en ce qui concerne la lutte à la contrebande. Le Canada pourrait ainsi démontrer à la communauté internationale qu'il est effectivement possible d'intervenir efficacement dans ce dossier.

*François Damphousse
Directeur, bureau du Québec
Association pour les droits des non-
fumeurs*

US allows cigarette smuggling into Canada

The major source of contraband tobacco entering Canada originates in upstate New York along the Canadian border, and the US Government is knowingly standing by letting this happen.

The Royal Canadian Mounted Police (R.C.M.P.) reports that 90 per cent of the contraband is manufactured on the St. Regis (Akwasasne) native American reservation that straddles the Canadian/American border. Media report 10-12 manufacturing operations on the reservation, yet only one has a manufacturing licence as required by the US Federal Government.

The operations produce their own brands, or package cigarettes in clear plastic baggies, rather than counterfeit cigarettes. Packages typically carry the US Surgeon General's warning but cigarettes generally use a Canadian-tasting type of tobacco not of interest to the US market, so are obviously intended for the Canadian market.

Why does the US Government not shut down these illegal operations? Were the US market to be flooded with Canadian-made smuggled cigarettes, the government would insist that Canada took immediate action.

It is in the US Government's own interest to act. Criminals bringing cigarettes into Canada can and do return to the US with weapons, drugs and people.

This is one of the most vulnerable sectors of the entire

US land border, yet the government is turning a blind eye as a border security threat runs rampant and as massive damage is inflicted on public health and public revenue in Canada.

Smuggled US cigarettes are widely available in many parts of Canada for C\$15 per carton of 200 cigarettes compared to the legal price of C\$50 – C\$70 (depending on brand) in the high population provinces of Ontario and Quebec.

Inexpensive contraband cigarettes undercut Canada's potential to further reduce smoking rates and cost Canada's federal and provincial governments more than US\$1 billion per year.

The US Government must take urgent action to get the illegal situation under control to protect its own national interest, and to protect the interests of its neighbour Canada.

India: one in ten of all deaths from smoking

India is in the grip of a catastrophic tobacco epidemic which is expected to cause nearly a million deaths per year during the current decade, according to research published today in the *New England Journal of Medicine*.

The findings from the first nationally representative study of smoking across India show that smoking accounts for one in five of all male deaths and one in 20 of all female deaths in the age range 30-69.

The study found that around 60 per cent of men who smoke can expect to die in middle age compared to roughly 40 per cent among similar non-smokers.

Nobel Laureate in Economics, Professor Amartya Sen commented, "It is remarkable that one single factor, namely smoking, which is entirely preventable, accounts for nearly one in ten of all deaths in India."

The results are available at www.cghr.org/tobacco and www.ctsu.ox.ac.uk/indiatobacco

(Continued from page 3)

date which was covered by the US litigation, and not to any other conduct before or after the dates the Agreements were signed.

In other words, the Agreements do not exempt the companies or their employees from any criminal, tax, administrative, or healthcare claims relating to conduct that took place before the Agreements were signed or for any liability relating to conduct taking place after the signing of the Agreements. The Agreements do not therefore limit in any way the proper law enforcement powers of the EC or signatory Member States.

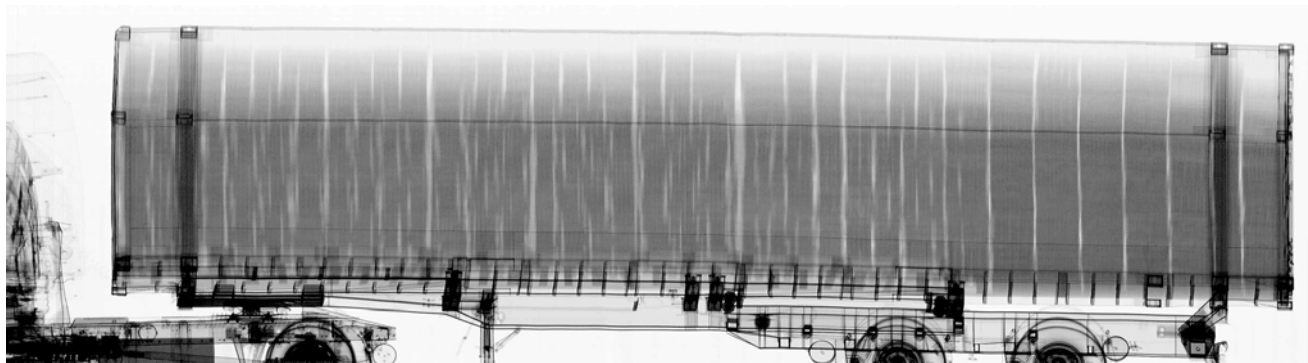
As regional Agreements, they provide a useful precedent for some elements of the illicit trade protocol such as basic tracking and tracing, control over the distribution system and seizure payments. In particular, seizure payments penalise companies for allowing smuggling of their products to take place. In the absence of seizure payments, there is a risk that tobacco companies benefit from smuggling since they profit from the sale of products that are diverted to the smuggled market. Also, smuggled products can be sold at a lower price without tax, leading to increased sales.

Despite the EU having concluded these regional Agreements, they are not an alternative to a protocol. Smuggling is a global problem and demands a global solution. The Agreements are company-specific and region-specific, only applying to the EU and to PMI and JTI.

The 151 Parties to the FCTC cover 80 per cent of the world's population, 70 per cent of tobacco leaf growers, 70 per cent of cigarette production, 70 per cent of cigarette consumption and over 60 per cent of cigarette exporters. As such, a protocol to the FCTC has potential to control smuggling at a global level.

The full documents are available at: PMI Agreement http://ec.europa.eu/anti_fraud/budget/agreement.pdf JTI Agreement http://ec.europa.eu/anti_fraud/budget/cig_smug/cooperation_agreement.pdf

'Operation Truffle': Irish Customs seize cigarettes with street value of €3.1 million at Irish Port



X-rays reveal the deadly contents of containers from a distance, speeding up the process of detection

Cigarette smuggling is a serious problem in Ireland and one that is being tackled vigorously by Customs.

In just one raid last month, officers from the Irish Customs Service seized nine million contraband 'Raquel' brand cigarettes in the port of Dublin. The cigarettes, with an estimated street value of €3.1 million, were concealed in a 45-foot container that arrived from Belgium.

The contents of the container appeared on the manifest as 'Household Goods' and were en route to a fictitious company in County Monaghan. The cigarettes were detected by a combination of container profiling backed up by a scan by the Customs X-Ray Scanner team. The potential loss to

the tax authorities of just this one seizure was around €2.5 million.

Over 74 million cigarettes were seized in 2007 with a retail value of €25 million.

This is a growing problem for Ireland, particularly through airports, although there has also been an increase in seizures of larger consignments organised by criminal gangs whose involvement in cigarette smuggling in Ireland goes back many years.

Customs officers are now making nearly 1,300 seizures a month, made up primarily of seizures during spot checks on arrivals at sea and airports. The total loss from cigarettes seized in 2007 was €22 million. With the amount seized by customs officers representing only a tiny proportion

of the total quantity smuggled, the total loss to the Irish Government is many times this amount.

Investigations are continuing concerning last month's Dublin seizure.

FRAMEWORK CONVENTION ALLIANCE

The Framework Convention Alliance (FCA) is a global alliance of NGOs working to achieve the strongest possible Framework Convention on Tobacco Control. Views expressed in the *Alliance Bulletin* are those of the writers and do not necessarily represent those of the sponsors.

Framework Convention Alliance
Rue Henri-Christiné 5
Case Postale 567
CH-1211 Geneva
Switzerland

Representative Office:
c/o ASH International
701 4th Street NW, 3rd Floor
Washington, DC 20001
USA
Tel. +1 202 289 7155
Fax. +1 202 289 7166
info@fctc.org
www.fctc.org

Dirty Ashtray Award

To Japan for a pattern of behaviour that is clearly aimed at undermining a strong Protocol



Orchid Award

To the African region for having the only woman on the Bureau

