



Illicit Trade of Tobacco Products Along the Balkan Route: Institutional and Governance Gaps

Opening Remarks of Dr. Ognian Shentov, Chairman, Center for the Study of Democracy
18 October 2019

Ladies and Gentlemen,

I would like to welcome you all warmly to Sofia and to this event, concluding two years of extensive research into the driving factors facilitating the illicit trade in tobacco products, its impact on our societies and the economy and innovative ideas for more effective counteraction on part of national institutions.

The illicit trade in tobacco products is a global phenomenon that results in significant **losses of revenue** for both national governments and legitimate businesses, while at the same time providing a significant **source of income** for criminal organizations worldwide. As most illicit products do not meet the quality and health protection standards established for tobacco products, **ITTP constitutes not only a financial but also a public health issue**. Due to its harmful effects, the EU and the member states have made the fight against ITTP a **policy priority**. Monitoring of the illicit cigarettes market has progressed substantially over the past decade. The adoption of the **Framework Convention on Tobacco Control** of the World Health Organization and the new **EU Tobacco Products Directive** have resulted in strict regulation of the market and close monitoring of the supply chain from the production factories to the points of sale. The implementation of the European track and trace system for cigarette and fine-cut products will allow for even more precise monitoring of all legally produced tobacco products and their movements across EU member states. However, **these measures alone do not provide sufficient grounds for assessing the threats and vulnerabilities** posed by the trade in illicit tobacco products for assessing the effectiveness of the public administration in curbing this illegal market.

The analysis that will be presented here today for the first time cross-compares two large datasets on illicit tobacco – empty pack survey data and data on seizures by police and customs authorities. As a result of the comparison and analysis, the Center for the Study of Democracy, together with its partners, has developed two instruments for assessing the role of two very important factors – **police performance** and **use of corruption**:

- Firstly, an **index of police effectiveness in seizing illicit cigarettes** to serve as a tool for planning comprehensive illicit market response measures at the regional level;
- and secondly, **brand seizures deviations index** as a method to identify the potential presence of privileged actors at local illicit tobacco markets and thus red flags for potential corruption practices.

These two instruments clearly demonstrate the **potential for a more comprehensive assessment** of police performance, despite the constraints imposed by the lack or insufficiency of various types of data at sub-national level. Their piloting in four EU countries – Bulgaria, Italy, Greece and Romania – indicate

that these measurement methods provide **a whole new range of opportunities to improve counteraction** of the illicit cigarette market and corrupt practices related to it.

I hope that today's conference will be beneficial by broadening our perspectives on the analytical and policy frameworks pertaining to the illicit trade in tobacco products and will indeed encourage broader cooperation between law enforcement agencies in our countries by putting forward specific ideas for overcoming the existing institutional and governance gaps.

This conference is organised within the framework of the project "Illegal Trade in Tobacco Products and the Balkan Route: Overcoming Institutional Gaps and Corruption" and is funded by PMI-IMPACT, a global initiative to combat illegal trade and related crimes.