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WHERE WE ARE ON ITTP AND WHY WE DO NEED MORE

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Where we are

After years of discussion of the Illicit Markets on Tobacco Products, things do not move beyond the schizophrenic directions of regulators and law enforcement: Regulators maximize health creating opportunities for crime and Law Enforcement combats this crime.

Opportunities change while law enforcement is stable

From one side, opportunities change actors, *modi operandi*, routes.

From the other, law enforcement believes this is a marginal traffic that costs 11 billion per year to Europe...quite relevant indeed!

What do we need ?

Regulators understanding that prohibitionism does not pay and that reduction of damage from tobacco products could find healthier alternatives minimizing health and criminal costs

Researchers moving toward innovative methods that could help to investigate the change of opportunities. Project Nexus of Transcrime funded by PMI Impact goes in this direction

Overview of Nexus project

Project's goals:

- **Estimating the illicit cigarette flows** through 30 European countries and 27 EEMA countries involved in the production, transit and consumption of illicit cigarettes;
- **Analysing the connections (NEXUS)** of the flows with the social, political and legislative framework;
- **Identifying operational and policy instruments** to tackle the illicit flows.

Key Achievements

The research exploits **Quantitative** and **Qualitative** information to:

1) **estimate the flows.**

- Reconstruction of the illicit cigarette trade across the 57 countries → tracking every step of inflows and outflows.

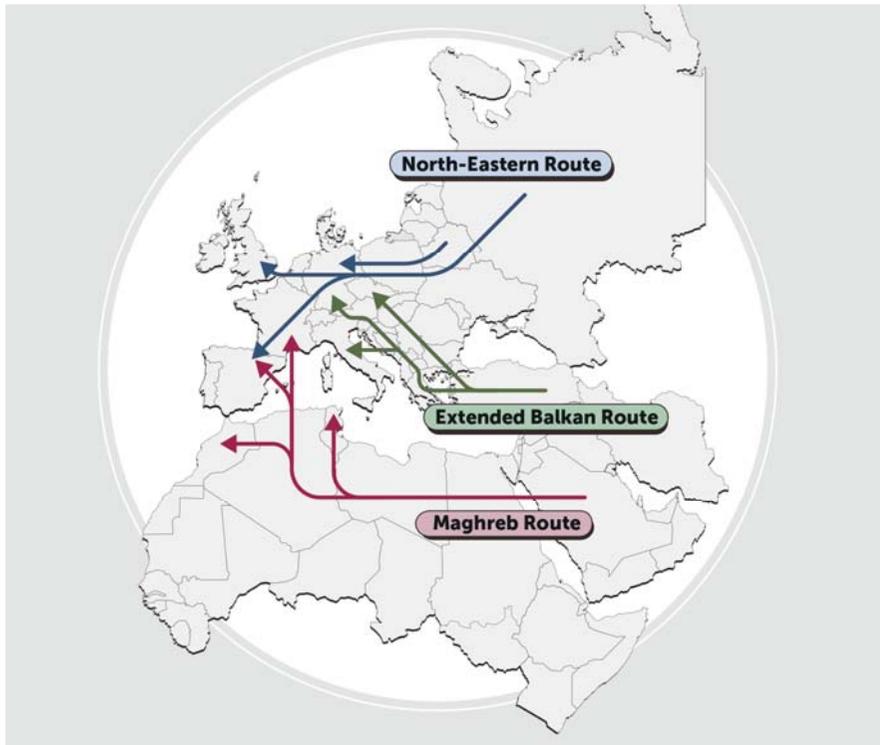
2) **identify the *contextual factors* influencing the illicit trade.**

- Examining the features and determinants of the ITTP → e.g. taxation, price differences, penalties, social acceptance, political instability, etc.

The Innovative Aspects of NEXUS Project

- NEXUS accounts for the **transnational dimension** of cigarette trafficking by considering the 28 (+2) EU countries together with other 27 countries involved in the production, transit and consumption of illicit cigarettes
- NEXUS identifies the **facilitators of cigarette trafficking** and quantifies their impact
- NEXUS relies on an **innovative methodology** to estimate illicit flows of cigarettes and the impact of facilitators

The Transnational Dimension of Cigarette Trafficking



- Cigarette trafficking is a **global transnational crime** encompassing different criminal actors and different *modi operandi*
- Cigarette trafficking to and through Europe, North Africa, Middle East and Central Asia involves **157 countries** that form **884 different connections**
- Despite the presence of multiple intersecting paths, cigarette trafficking through Europe clusters along **3 main routes**:
 - The North-Eastern Route
 - The Extended Balkan Route
 - The Maghreb Route

Cigarette Trafficking: Some Figures



132 billion illicit cigarettes

consumed in

57 countries

10% of total consumption is illicit

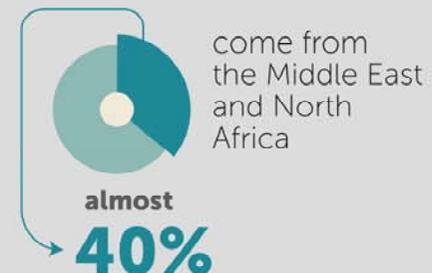
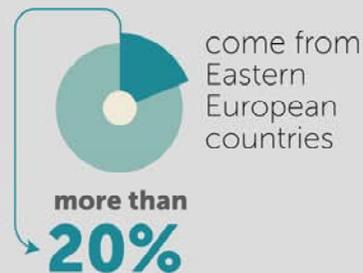


CIGARETTE TRAFFICKING

Source: ITTP NEXUS In Europe And Beyond

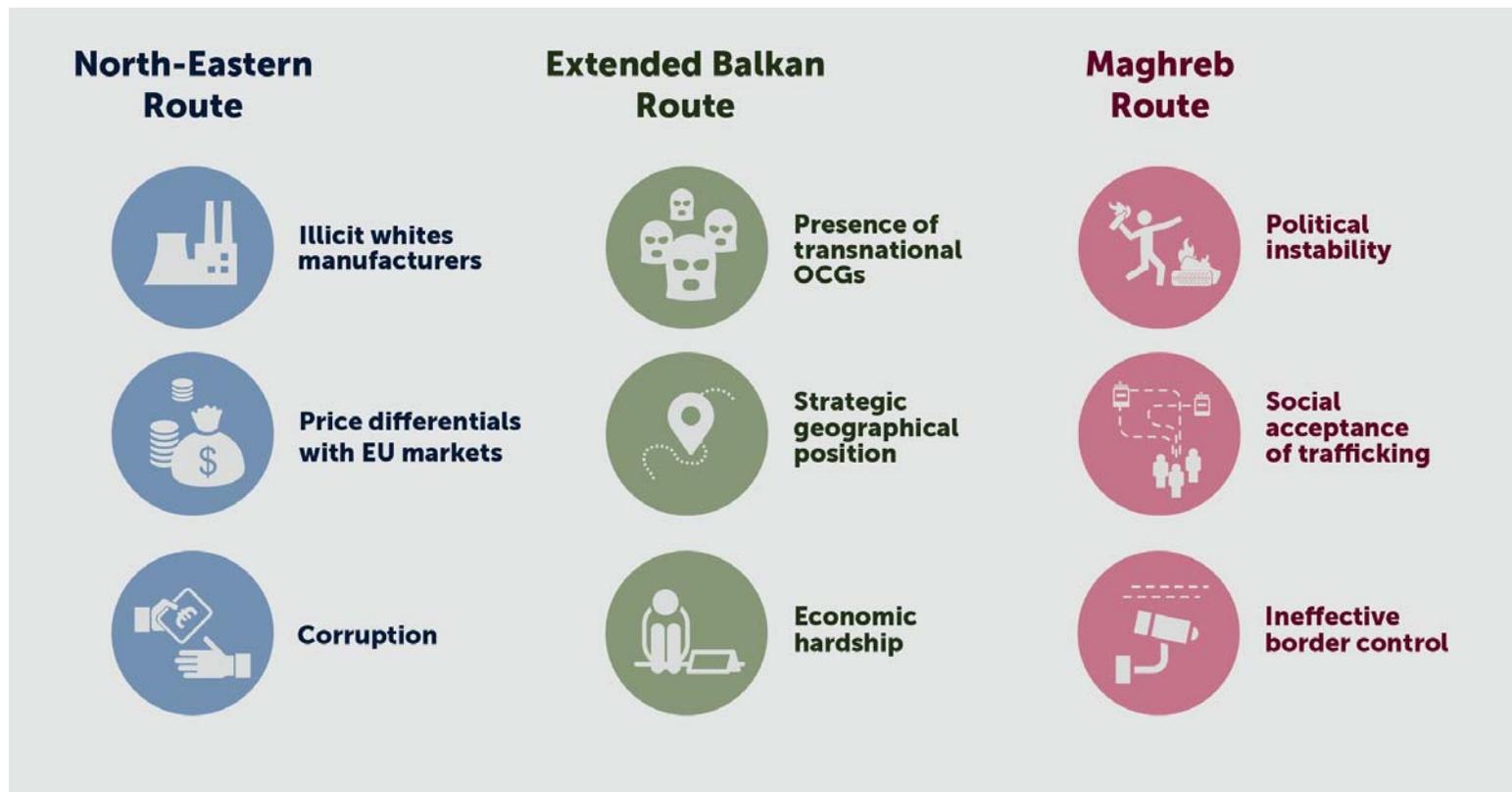


Illicit cigarettes consumed in the EU:

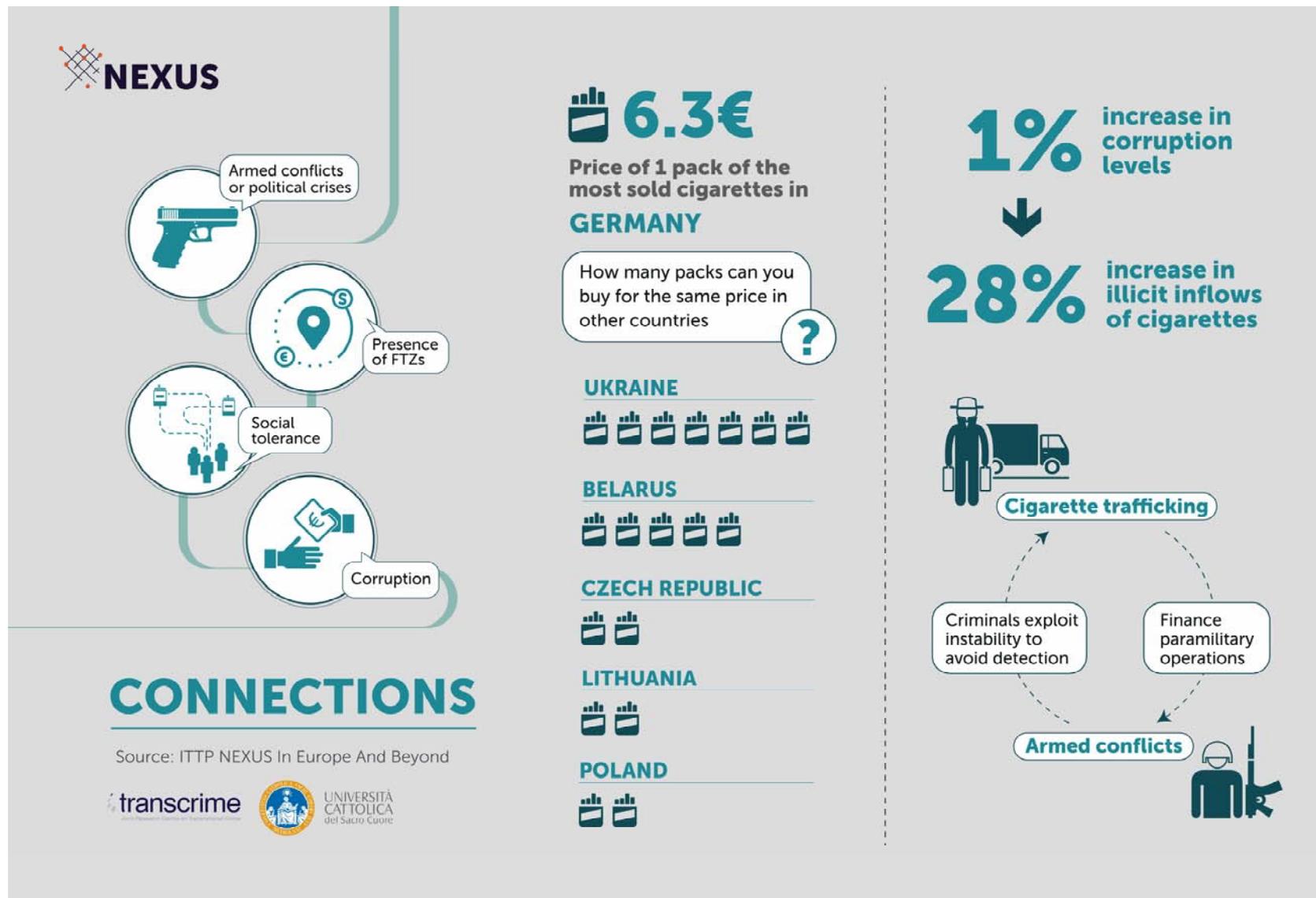


Facilitators of Cigarette Trafficking

- The identified facilitators constitute potential risk factors for illicit markets in general
- Facilitators are multiple and interconnected



Other Key Facilitators



Innovative methodology 1/2

- The **innovative methodology** to estimate illicit flows of cigarettes and the impact of facilitators is an **added value** of the project
- The innovative dimension lies in the **identification of each step** (all the countries through which cigarettes are trafficked) **of the path followed by illicit cigarettes** flowing from the origin (where cigarette are produced) to the destination country (where cigarettes are finally consumed)
- On the contrary, **previous studies** were characterized by:
 1. **Limited attention to the trafficking flows** / No intermediate steps
 2. **Static indicators of illicit consumption** referring to single markets

Innovative methodology 2/2

- Our estimate of the flows relies on **an algorithm that searches for the most likely** (“cheapest”) **paths** from origin to destination in the cigarette trafficking network.

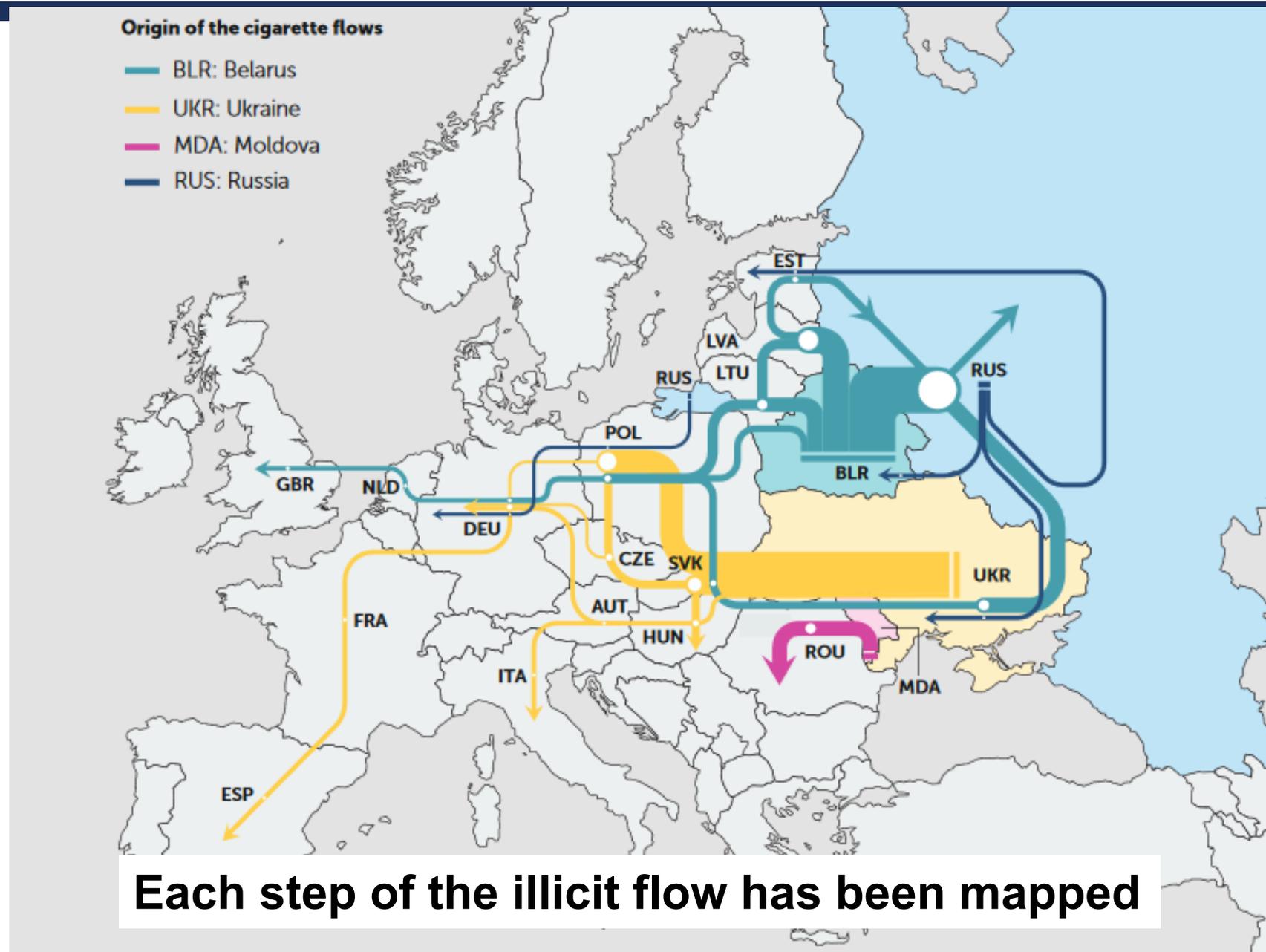
The algorithm exploits data on:

- Illicit cigarette **consumption** (from Empty Pack Surveys)
- **Seizure** cases (from Open Source Analyses)
- Geographic **distances**

This allows to **quantify illicit flows of cigarettes between any pair of countries.**

In turn, the estimates of the flows allow for the **statistical identification and analyses of the facilitators** of cigarette trafficking.

An Exemplificative Result: the North-Eastern Route



Policy Implications



Presenting policies to tackle cigarette trafficking
POLICY IMPLICATIONS

Source: ITTP NEXUS In Europe And Beyond

