

PMI Supports WHO FCTC Protocol to Eliminate Illicit Trade in Tobacco

According to estimates, one out of 10 cigarettes smoked globally stems from illicit trade.

Philip Morris International (PMI) supports the WHO FCTC Protocol to Eliminate Illicit Trade in Tobacco Products (the Protocol). PMI is committed to combatting the illicit trade in tobacco products, including the criminal networks that counterfeit or smuggle tobacco products across borders, or engage in illegal operations which take place in poorly monitored Free Trade Zones.

Illicit tobacco trade has severe consequences for governments, legitimate businesses, and people around the world.

The Protocol brings together countries against the scourge of illicit tobacco trade and it will have a key role to play in helping to defeat the illegal tobacco market. Collaboration will be a key element of its success: national governments, international organizations and civil society working to fight illicit tobacco trade together.

Effective anti-illicit trade strategies can be summarized in six pillars:

1. Product Tracking and Tracing (T&T): T&T is the ability to record the movement of products and trace backwards their history along the supply chain. Authorities should be responsible for establishing, controlling, and supervising T&T systems, while the private sector performs daily operations. T&T solutions should ensure interoperability based on open standards and be independently controlled.

2. Effective control and monitoring of Free Trade Zones: These territories can serve as areas where criminals re-package and re-label shipments, free of meaningful oversight by national authorities. National customs authorities should exercise control and oversight in Free Trade Zones and intervene to stop illegal operations.

3. Enhanced international cooperation: Manufacturers, supply chain partners, governments, police, and customs authorities

need to share information on seizures of tobacco products, discoveries of tax evasion, production quantities and values, and other evidence related to illicit trade and illegal operations, which can lead to successful enforcement of existing laws.

4. Application of deterrent sanctions to illicit traders: Effective law enforcement is crucial to tackling the illicit tobacco trade. Criminal enterprises abuse weak systems which are prone to corruption, have ineffective enforcement, or low sanctions. Sanctions for noncompliance with anti-illicit tobacco laws should include both financial and non-financial elements.

5. Licensing regimes that focus on tackling illicit trade: The adoption of licensing schemes for tobacco products manufacturers and manufacturing equipment is a critical component of an effective strategy to fight illicit tobacco production and trade.

6. Meaningful due diligence and record-keeping requirements: Comprehensive know-your-customer policies help in doing business with entities that share high standards of integrity and ethical business practices. PMI works with its customers and requests that they conduct equally thorough due diligence in transactions with their business partners. Authorities should require adequate information from tobacco companies about their customers, as well as document and periodically repeat their controls.

PMI has long led the fight against the illicit tobacco trade. No industry, however, can win this fight on its own.

By working together, we can accelerate progress on protecting society from illegal tobacco products and related crimes.

For comprehensive information about PMI's efforts and initiatives in the fight against illicit trade, visit [StopIllegal.com](https://www.stopillegal.com).