



Submission re EU Tobacco Products Directive

Irish Cigarette Machine Operators Association (ICMOA)

January 2013

Introduction:

The ICMOA is the trade association representing operators of cigarette vending machines in Ireland. The association was founded in 1982 and currently has over 60 member businesses with over 150 people employed. **ICMOA members contributed approx. €200m to the exchequer from excise and VAT in 2012.**

Recommendation:

The ICMOA strongly recommends that the measures contained with the EU Tobacco Products Directive (EUTPD) be rejected.

Background:

- The incidence of non-Irish duty paid (NIDP) tobacco has reached crisis levels in Ireland and appears set to continue to grow;
- The latest surveys show that almost 1 in 3 packets of cigarettes consumed in Ireland are NIDP;
- Every additional restriction that is placed on the legitimate tobacco industry increases our cost base, reduces our offerings to customers and puts us at a further disadvantage vis-a-vis the illicit trade;
- Many of the products which will be outlawed by the proposals of the EUTPD are very popular with adult smokers – if they can no longer purchase their product of choice from legitimate retailers they are very likely to purchase it through the illicit trade.

Effect:

- The continued hampering of the legitimate tobacco trade by ever-increasing regulation and the resulting growth of the illicit trade is effectively transferring the tobacco market from legitimate, tax-compliant retailers such as our members into the hands of criminal gangs;
- In the last five years approx. one third of our membership have gone out of business;
- NIDP tobacco is imported and sold by criminal gangs who use the proceeds to fund other criminal activities such as drug-dealing and prostitution;
- Sellers of NIDP do not exercise any form of age-control over their customers and frequently use children to sell the tobacco;
- Contraband tobacco is not manufactured according to any standardised system of regulation and therefore may contain hazardous materials which the consumer is unaware of;
- ICMOA members are fully compliant with the laws on tobacco control including preventing sales to minors, only siting vending machines in supervised areas in licensed premises and registering all locations at which they sell tobacco with the Office of Tobacco Control;
- The rapid growth in the incidence of NIDP tobacco means that its consumption is becoming normalised. In many areas of the country NIDP cigarettes are already the norm among smokers;

- The spectacular profitability of the illicit trade is allowing criminal gangs to develop a robust infrastructure for the importation and distribution of NIDP tobacco. The more this infrastructure and the associated international criminal links are entrenched and strengthened, the harder they will be to reverse in the future – the situation is therefore extremely urgent;
- The efficiency of the criminal sellers in this regard has meant that smokers can obtain 20 cigarettes for as little as €3 to €4 and in whichever type of packaging and quantity they so desire. The availability of NIDP cigarettes at these prices with no restriction on packaging, format etc. flies in the face of health policy and renders the proposals contained within the EUTPD redundant in terms of reducing the take-up of smoking among young people.

Conclusion:

- As shown above, the tobacco market in Ireland is rapidly moving from legitimate, tax-compliant businesses into the hands of criminal gangs despite the excellent work being done by the various law-enforcement authorities.
- By outlawing a huge variety of the brands currently available on the legitimate market, the Government would be effectively driving smokers of those products to the illicit market.
- While the ICMOA supports the intention of the Government to reduce the take-up of smoking among young people, we firmly believe that the interests of public health would be far better served by doing more to tackle the illicit trade rather than further restricting the legitimate trade serviced by our members.