

Illegal Tobacco Products Research Surveys 2017

Survey fieldwork conducted in October/November 2017, results published April 2018

Any queries in relation to these surveys can be addressed to Revenue's Statistics & Economic Research Branch (statistics@revenue.ie).



Background and Objectives

Each year since 2009, the Office of the Revenue Commissioners, in conjunction with the HSE's National Tobacco Control Office, has commissioned Ipsos MRBI to conduct independent market research among smokers about the source of their cigarettes. The purpose of this research is to estimate the volume of non-Irish duty paid cigarettes being consumed in Ireland. Since 2013, this has been complemented by an additional survey on roll your own tobacco.

Key Findings of the 2017 Cigarette Survey

Legality of Packs

The key findings of the 2017 cigarette survey in respect of legality of packs:

- 13% of the packs held by smokers surveyed are classified as illegal.
- A further 9% of the packs are found to be legal Non-Irish Duty Paid.

The survey has an estimated +/- 3.7% margin of error (at a 95% confidence margin).¹

Of the 13% of packs found by the survey to be illegal:

- 10.1% are classified as contraband (i.e., normal commercial brands of cigarettes bought duty paid or duty free outside the country and smuggled here);
- 2.9% are classified as "illicit whites" (cigarettes manufactured for the sole purpose of being smuggled into and sold illegally in another market); and
- No counterfeit packs (cigarettes manufactured without authorisation of the rightful owners, with intent to deceive consumers and to avoid paying duty).

A summary of the key findings for 2009 to 2017 surveys is as follows.

Year	Illegal Packs	Legal Non-Irish Duty Paid Packs*
2009	16%	6%
2010	15%	9%
2011	15%	8%
2012	13%	7%
2013	12%	5%
2014	11%	6%
2015	12%	6%
2016	10%	8%
2017	13%	9%

* These reflect legal cross border purchases.

¹ The margin of error calculated at a 13% proportion at 95% confidence level is +/- 2.5%.

Consumption Estimates

Population estimates are combined with smoking prevalence and consumption rates to provide an estimate of total cigarette consumption in Ireland in 2017. The prevalence of smokers in the population is weighted to the Healthy Ireland smoking prevalence figure.

The total cigarette consumption in Ireland in 2017 is estimated to be 4.3 billion (215 million packs). At an illicit rate of 13%, approximately 520 million illegal cigarettes (26 million packs) are consumed in Ireland in 2017. In this context, "illegal cigarettes" means contraband, illicit whites or counterfeit cigarettes.

Notional Estimated Loss to the Exchequer

The consumption of 520 million illegal cigarettes represents a notional loss to the Exchequer of approximately €229 million (Excise & VAT). This is viewed as a *notional* loss in Exchequer revenue as it assumes that the illegal cigarettes consumed would displace the equivalent full tax paid quantity of cigarettes, which is unlikely to be the case.

Summary

The 2017 results suggest marginal increases in both illegal and legal Non-Irish Duty Paid packs, with levels similar to the illicit market penetration seen in 2012/13 but still below the highest levels recorded in 2009-11.

Key Findings of 2017 Roll Your Own Survey

A second survey was conducted in 2017 to ascertain the incidence of illegal packs of roll your own (or pouch) tobacco. The survey found that 15% of the packs held by smokers surveyed are illegal (including 2% counterfeit), and that a further 4% are legal Non-Irish Duty Paid.

The survey has an estimated +/- 6.9% margin of error (at a 95% confidence margin).²

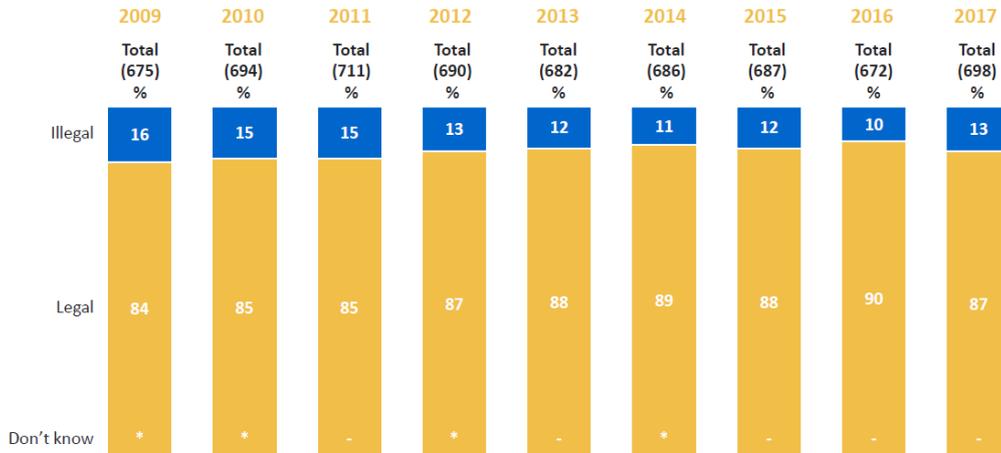
This survey was first conducted in 2013, results for all years are shown in the table below.

Year	Illegal Packs	Legal Non-Irish Duty Paid Packs
2013	15%	2%
2014	14%	2%
2015	9%	1%
2016	9%	3%
2017	15%	4%

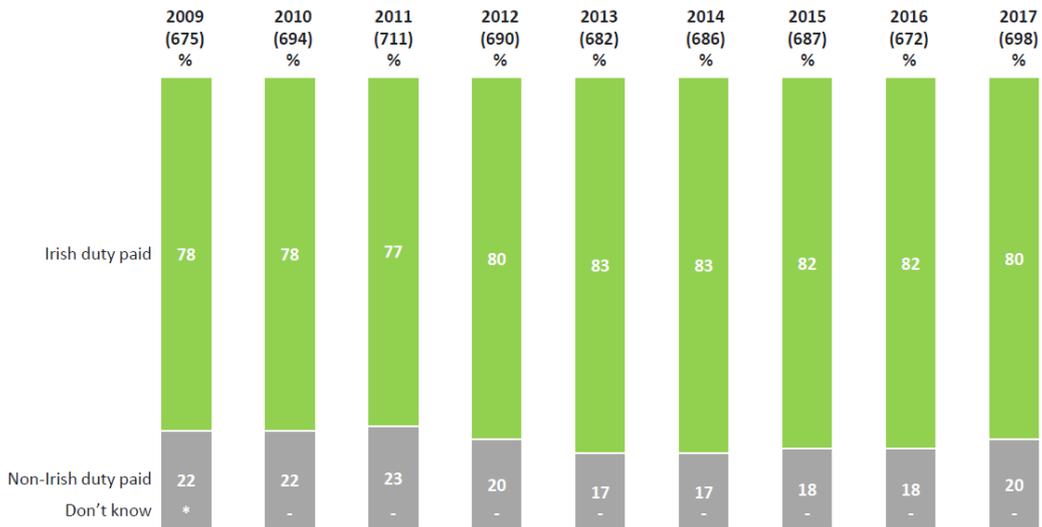
² The margin of error calculated at a 15% proportion at 95% confidence level is +/- 4.9%.

The following charts highlight some of the key trends from the cigarette surveys.

Legality of Packs



Breakdown of Pack Types



Breakdown of Illicit Pack Types

