

Illegal Tobacco Products Research Surveys 2019

Ipsos MRBI conduct independent surveys of smokers each year for Revenue and the HSE's National Tobacco Control Office.

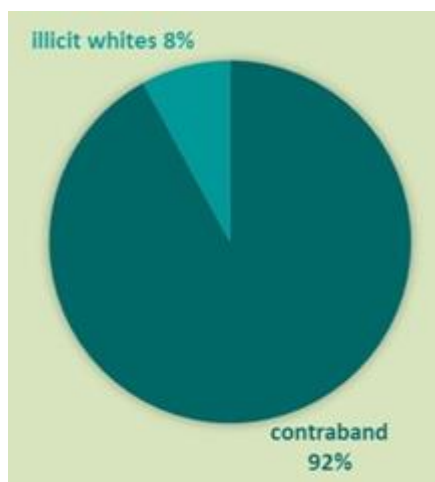


Cigarette Survey 2019

15%
of the packs held by smokers surveyed are classified as illegal

9%
of the packs are found to be legal but Non-Irish Duty Paid

Classification of Illegal Packs



Contraband: normal commercial brands of cigarettes bought duty paid or duty free outside the country and smuggled in

“illicit whites”: cigarettes manufactured for the sole purpose of being smuggled into and sold illegally in another market

Notional estimated loss to the Exchequer on 24 million illegal cigarette packs is around €242 million.

Roll Your Own Survey 2019

12%
of the packs held by smokers surveyed are classified as illegal

7%
of the packs are found to be legal but Non-Irish Duty Paid

1 Background and Objectives

Each year since 2009, Revenue, 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 cigarette research has been complemented by an additional survey on roll your own tobacco.

The results of the cigarette and roll your own surveys are summarised at:

<https://www.revenue.ie/en/corporate/information-about-revenue/research/surveys/tobacco-consumption-survey/index.aspx>.

Following a review by the Comptroller & Auditor General, Revenue published a summary of the surveys' methodologies in 2019, available at: <https://www.revenue.ie/en/corporate/information-about-revenue/research/surveys/tobacco-products-research-methodology/index.aspx>.

This report summarises the findings of the 2019 surveys.

2 Key Findings of the 2019 Cigarette Survey

2.1 Legality of Packs

The key findings of the 2019 cigarette survey in respect of legality of packs:

- 15% of the packs held by smokers surveyed are classified as illegal; and
- A further 9% of the packs are found to be legal Non-Irish Duty Paid (i.e., they were legally purchased in another jurisdiction and brought into Ireland by the smoker).

The survey has an estimated +/- 2.5% margin of error (at a 95% confidence margin).¹

Of the 15% of packs found by the survey to be illegal:

- 92% are classified as contraband (normal commercial brands of cigarettes bought duty paid or duty free outside the country and smuggled here);
- 8% are classified as "illicit whites" (cigarettes manufactured for the sole purpose of being smuggled into and sold illegally in another market); and
- 0% are 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 2019 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%
2018	13%	9%
2019	15%	9%

* These reflect legal cross border purchases.

Consumption Estimates

Population estimates are combined with smoking prevalence and consumption rates to provide an estimate of total cigarette consumption in Ireland in 2019. The prevalence of smokers in the population is weighted to the Healthy Ireland smoking prevalence figure.²

Total cigarette consumption in Ireland in 2019 is estimated to be 3.3 billion (164 million packs).³

At an illicit rate of 15%, approximately 484 million illegal cigarettes (24 million packs) are

¹ The margin of error calculated at a 15% proportion at 95% confidence level is 12.5% - 17.9%.

² <https://www.hse.ie/eng/about/who/tobaccocontrol/research/>.

³ Assuming 20 cigarettes per pack.

consumed in Ireland. In this context, “illegal cigarettes” means contraband, illicit whites or counterfeit cigarettes.

Notional Estimated Loss to the Exchequer

The consumption of 24 million illegal cigarette packs represents a potential loss to the Exchequer of approximately €242 million (Excise & VAT). This is viewed as a *notional* loss in Exchequer tax 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 2019 results suggest numbers of both illegal and legal Non-Irish Duty Paid packs remain relatively stable compared to the earlier survey results.

3 Key Findings of the 2019 Roll Your Own Survey

A second survey is conducted each year (since 2013) to ascertain the incidence of illegal packs of roll your own (or pouch) tobacco.

In 2019, following a recommendation of the Comptroller & Auditor General, the sample size of the survey was doubled to 400. This should be borne in mind when comparing results in 2019 to prior years.

The 2019 survey found that 12% of the packs held by smokers surveyed are illegal and that a further 7% are legal Non-Irish Duty Paid.

The survey has an estimated 3.2% margin of error (at a 95% confidence margin).⁴

This survey was first conducted in 2013, results for all years are shown in the table below. The marked decrease in 2019 likely reflects, at least in part, the larger sample size compared to previous years. The findings for 2019 should be more robust and accurate as a result.

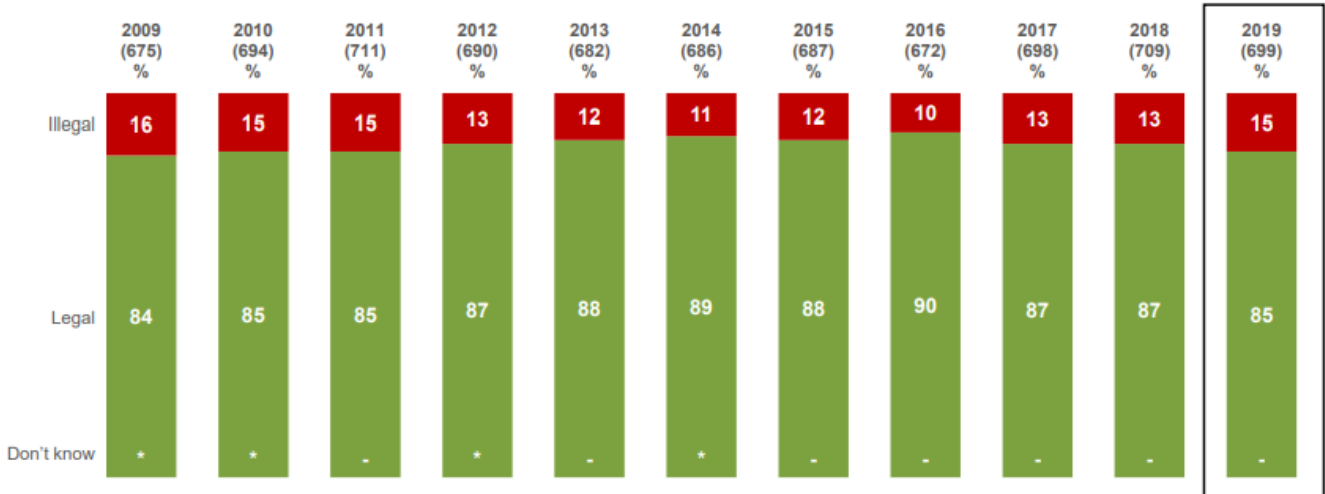
Year	Illegal Packs	Legal Non-Irish Duty Paid Packs
2013	15%	2%
2014	14%	2%
2015	9%	1%
2016	9%	3%
2017	15%	4%
2018	21%	7%
2019	12%	7%

⁴ The margin of error calculated at a 12% proportion at 95% confidence level is 8.5% - 15%.

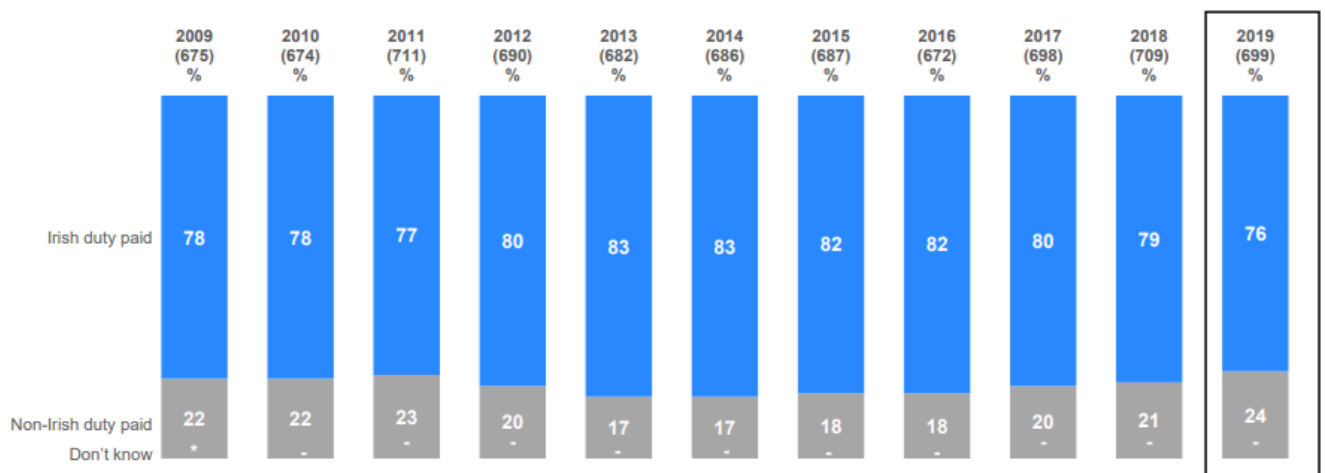
4 Charts

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

