A BRIEF PRESENTATION ON ILLICIT TRADE IN TOBACCO

THE PERSPECTIVES OF AN ENFORCEMENT OFFICER

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CONTENT OF THE PRESENTATION

1. Definition of illicit trade
2. Drivers and Motivation for illicit trade
3. Impact of illicit trade on government revenue
4. Challenges of Enforcement
5. Government/Private sector collaboration in the fight against illicit trade
6. Way Forward
ILLICIT TRADE IN TOBACCO

This includes

• Outright smuggling of tobacco products either through land borders, by air or by sea ports

• It could be in the form of mis-classification

• Under-declaration

• Under-invoicing

• Evasion of payment of excise duty by local tobacco manufacturers

• Abuse of concessions
DRIVERS AND MOTIVATION

- High Duty Rates
- Porous Borders
- Lucrative Returns
- Size of Market

Illicit Drivers
IMPACT OF ILLICIT TRADE ON GOVT REVENUE

• Loss of revenue payable to govt
  • Record of seized tobacco products 2011 – 2015 is 49 seizure action valued at $1,000,000
  • Current statistics by industry stands at about 0.5 bns
  • Seizures are from attempts to evade payment of duties
  • There are no seizures relating to counterfeiting and piracy
# Revenue Acruals from Tobacco Imports into Nigeria

<table>
<thead>
<tr>
<th>YEAR</th>
<th>CIF</th>
<th>TAX (NAIRA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>17,452,207,937</td>
<td>3,523,095,635</td>
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<tr>
<td>2014</td>
<td>16,169,156,515</td>
<td>2,591,816,875</td>
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<tr>
<td>2015</td>
<td>15,446,024,941</td>
<td>2,688,568,995</td>
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<tr>
<td>Total</td>
<td>49,661,389,393</td>
<td>8,803,481,505</td>
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- Total value of imports for the period - $250m
- Total value of revenue collected - $45m
Anti smuggling measures in Nigeria are hampered by;
• Lack of adequate logistics to police the country’s extensive borders and creeks
• Porous borders
• Non cooperative Neighbors
• Non cooperative border communities
GOVERNMENT/ PRIVATE SECTOR PARTNERSHIP

BATN as a major player signed an MoU with the Nigeria Customs. Under the MOU:

On BATN’s part:
• Provision of predictive intelligence on illicit importations
• Provision of intelligence on counterfeit and pirated BAT product
• Capacity building in the form of training, logistics support and to aid in enforcement action

On the part of NCS:
• To effect seizure action and share intel on such action with BAT
• To provide samples of seized suspected consignments for authentication to support further action
• Collaborate with BATN to destroy such counterfeit products seized after proper determination of its status
WAY FORWARD

More government/private sector collaboration in areas of;

• Intelligence sharing
• Training and capacity building for enforcement and regulatory agencies
• Provision of logistics support for border patrol
THANK YOU