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Marlboro Man does billion dollar deal on smuggling with Europe – ASH demands to know why UK is not included?

Today Philip Morris International, the world's biggest tobacco manufacturer, announced that it will pay the European Commission a billion dollars in a landmark deal on tobacco smuggling. The agreement sets out how the company will control future smuggling of its cigarettes. In the past tobacco industry executives have denied they aided and abetted smuggling but this agreement highlights that falsehood by showing exactly how smuggling can be controlled.

From now on the company will be heavily penalised if its cigarettes are smuggled into Europe. It will have to pay the taxes due on any Philip Morris cigarettes seized by European customs. And if more than 90 million cigarettes a year (9 container loads) are found to be smuggled, it will incur additional payments of 400%. This would amount to fines of 7.5 million euros for each additional container. Philip Morris is also required to mark all its cigarettes with the country of destination and to have tight controls on all the contractors it supplies, so the route by which cigarettes are smuggled can be tracked and traced[1].

In return, the EC[2] drops its US court case against Philip Morris which accused the company of complicity in cigarette smuggling by intentionally oversupplying neighbouring countries. The lawsuit was initially dismissed on jurisdictional grounds but the EC was given the go-ahead to take out a new case based on money-laundering laws.

Currently this agreement only applies to Philip Morris, but now PMI have settled the pressure will be on the other two companies in the law suit, RJ Reynolds and JT International, to settle too. It also provides a baseline for the protocol on smuggling required under the new international tobacco treaty, the Framework Convention on Tobacco Control (FCTC), due to be ratified shortly.

The tightly worded document, which is over 50 pages long, contrasts dramatically with the inadequate and general Memoranda of Understanding (MOU) the UK government currently has with Gallaher, British American Tobacco (BAT) and Imperial Tobacco[3].

Deborah Arnott, Director of the tobacco control campaign group, ASH, said:

“ASH demands to know why the UK did not take part in the legal action taken out by the EC against Philip Morris. We are the victims of some of the highest levels of smuggling in Europe with tax unpaid on one in four cigarettes consumed in this country. Our citizens need the protection of this agreement and our government must sign up to it as soon as possible. We also call on the government to re-open negotiations with BAT, Gallaher and Imperial immediately and to accept nothing less

than the terms of the Philip Morris agreement with the EC.”

Notes and links:

[1] [See attached brief](#) for the key features of the agreement between the EC and PMI.

[2] The 10 other plaintiffs in addition to the EC were the EU Member States Belgium, Finland, France, Greece, Germany, Italy, Luxembourg, Netherlands, Portugal and Spain.

[3] See attached brief and links to Memoranda of Understanding with [BAT](#) and [Imperial](#) and [Gallaher](#).

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