

Round Table on Proofing European Regulation against Illicit Trade in Tobacco Products

Draft of 21 April 2011

Several studies argue that **intensely regulated markets may be the target for illicit and criminal activities** (Savona et al. 2006; Savona 2006a, Savona 2006b; Morgan and Clarke 2006; Albrecht and Kilchling 2002). Particularly, studies have shown that **EU regulation may inadvertently create opportunities for crime** (Dorn, Levi, and White 2008).

The tobacco market has seen an impressive increase in its regulation, driven by growing concerns for the health and social consequences of tobacco consumption. The debate on the effects of tobacco policies is open and different opinions have been advanced (Basham 2010; Tollison and Wagner 1992; Chaloupka and Warner 2000; Goel and Nelson 2008; Chaloupka, Straif, and Leon 2010). The **illegal trade in tobacco products** (ITTP hereinafter) may jeopardize the effect of tobacco policies, for example providing smuggled cigarettes at cheaper prices or potentially more harmful products. Notably, the most recent report of the Italian National Antimafia Direction argues that the European Antifraud Office (Olaf) established that counterfeit cigarettes have more tar (+160%), nicotine (+80%), carbon dioxide (+133%) and lead (+600%) (Direzione Nazionale Antimafia 2010, 382). Several other studies confirm this (The Center for Regulatory Effectiveness).

Independently from specific positions on tobacco control, the **regulation may inadvertently produce opportunities for ITTP**. Concerning the illegal trade in tobacco products, most studies have focused on the impacts different pricing and taxation policies on smuggling. However, “the impact on non-price smoking regulations on cigarette smuggling has not been considered in the literature” (Goel and Nelson 2008, 55). Eventually, there could be a dangerous “regulation vs. crime” trade-off. The aim of this initiative is to **overcome this trade-off** and instead **minimise crime opportunities due to regulation**.

The impact of EU regulation on the ITTP has never been studied. The Round Table on Proofing European Regulation against ITTP will provide the initial impulse for discussing the crime risks implied in the EU regulation on tobacco products and identify possible solutions.



UNIVERSITÀ CATTOLICA
DEL SACRO CUORE



UNIVERSITÀ DEGLI STUDI
DI TRENTO

Objectives

The Round Table will aim to:

- Provide an **overview** of existing tobacco regulation around the world and discuss empirical evidence on these policies;
- Discuss the **crime implications** of existing and future European regulation;
- Identify possible **solutions** at multiple levels;
- Develop a **research agenda** to improve knowledge of the ITTP.

Participants in the Round Table (confirmed, list in alphabetical order): Elizabeth Allen (ITIC, USA), Igor Angelini (Europol), Georgios Antonopoulos (Teesside University, UK), Henk van de Bunt (Erasmus University Rotterdam, the Netherlands), Ron Clarke (Rutgers University, USA), Mark Cohen (Vanderbilt University, Nashville, USA), Petrus van Duyne (Tilburg University, the Netherlands), Dick Hobbs (University of Essex, UK), Rob Hornsby (Northumbria University, UK), Priscillia Hunt (RAND Europe), Maurizio Lisciandra (University of Messina, Italy), Fabio Lunati (Nomisma, Italy) Mario Maggioni (Catholic University, Milan, Italy), Friederich Schneider, (Johannes Kepler University, Linz, Austria), Tom Vander Beken (Ghent University, Belgium).

After the preliminary invitations to some colleagues in order to check their availability Transcrime has asked to Philip Morris International to contribute to the costs of the initiative. When an agreement has been reached and signed (10 March 2011) Transcrime has immediately informed all the participants writing in the programme the following information:

As a concerned stakeholder in the fight against the illicit trade in tobacco products Philip Morris International (PMI) welcomes the initiative of Transcrime to conduct research on this important and relevant area. PMI will contribute towards the organization of the Round Table. However, Transcrime retains full control and stands guarantor for the academic independence of the conference and of its proceedings.

Notwithstanding this *caveat* some colleagues have withdrawn alleging a potential conflict of interest (their Universities/Research centres cannot accept contributions from the tobacco industry). For this reason, we made some amendments to the program of the Round Table (see below). We want to repeat once again that this is a brainstorming initiative for setting up an innovative research agenda. This is in line with what Transcrime has done in the area of crime proofing of legislation for the European Commission in 2005 and 2007. This initiative aims to apply crime proofing of legislation to a topic such as ITTP, until now neglected. Philip Morris International has agreed to sponsor the Round Table, but there will be no participation in the initiative by exponents of the industry. Research results will be shared at the end of the process with all the research community, policymakers and all relevant stakeholders (NGOs, the industry and other institutions).

Draft Agenda

| Time | Duration | Content |
|-------------|------------|---|
| 9:30 | 10 minutes | Welcome and opening (Ernesto Savona, Transcrime) |
| 9:40- 10:10 | 30 minutes | Illicit trade and regulation: how rules can create criminal opportunities? Speaker: Ronald Clarke (Rutgers University) - confirmed |
| 10:10-10:25 | 15 minutes | Q&A |
| 10:25-10:55 | 30 minutes | Regulating the tobacco market: what evidence for the existing policies? Speaker: Ernesto Savona (Università Cattolica and Transcrime) and Priscillia Hunt (to be confirmed) |
| 10:55-11:10 | 15 minutes | Q&A |
| 11:10-11:25 | 15 minutes | <i>Coffee Break</i> |
| 11:25-11:55 | 30 minutes | The illicit trade in tobacco products: state of the art Speaker: (contacted, to be confirmed) |
| 11:55-12:10 | 15 minutes | Q&A |
| 12:10-12:40 | 30 minutes | Crime proofing of European Tobacco regulation: are EU laws creating opportunities for crime? Speaker: Francesco Calderoni (Transcrime) - confirmed |
| 12:40-12:55 | 15 minutes | Q&A |
| 13:00-14:10 | 70 minutes | <i>Lunch break</i> |
| 14:10-15:10 | 60 minutes | Round Table: how to proof European regulation against ITTP? Ideas and discussion Chair: Ronald Clarke - confirmed Planned interventions by invited academics and policymakers (to be identified) |
| 15:10-15:40 | 30 minutes | Better knowledge for better policies: ideas and proposals for a future research agenda Speaker: Ernesto Savona (Transcrime) - confirmed |
| 15:40-15:55 | 15 minutes | <i>Coffee Break</i> |
| 15:55-16:25 | 30 minutes | Discussion and interventions |
| 16:25-16:45 | 20 minutes | Conclusions and farewell |

Premise and logistics

Università Cattolica del Sacro Cuore, Milan, Italy.

Transcrime – Joint Research Centre on Transnational Crime will provide the scientific and organizational structure for the Round Table.

Attendance at this event is by invitation only. If necessary and possible according to your institution's internal regulation and country laws, participants seeking a grant to cover travel and accommodation costs can contact the Università Cattolica for further information.

References

- Albrecht, Hans-Jörg, and Michael Kilchling. 2002. "Crime Risk Assessment, Legislation, and the Prevention of Serious Crime – Comparative Perspectives." *European Journal of Crime, Criminal Law and Criminal Justice* 10 (1) (January): 23-38. doi:10.1163/15718170220519515.
- Basham, Patrick. 2010. *How Government Inflames the Illicit Cigarette Trade*. Social Risk Series Paper. London and Washington: Democracy Institute, February 23.
- Chaloupka, Frank J., Kurt Straif, and Maria E. Leon. 2010. "Effectiveness of tax and price policies in tobacco control." *Tobacco Control*. doi:10.1136/tc.2010.039982. <http://tobaccocontrol.bmj.com/content/early/2010/11/29/tc.2010.039982.abstract>.
- Chaloupka, Frank J., and Kenneth E. Warner. 2000. The economics of smoking. In *Handbook of Health Economics*, ed. Anthony J. Culyer and Joseph P. Newhouse, Vol 1:1539-1627. Amsterdam: Elsevier.
- Dorn, Nicholas, Michael Levi, and Simone White. 2008. "Do European procurement rules generate or prevent crime?" *Journal of Financial Crime* 15 (3): 243-260. doi:10.1108/13590790810882847.
- Goel, Rajeev K., and Michael A. Nelson. 2008. *Global efforts to combat smoking: an economic evaluation of smoking control policies*. Aldershot, UK: Ashgate Publishing, Ltd., January 30.
- Morgan, Russell, and Ronald V. Clarke. 2006. "Legislation and Unintended Consequences for Crime." *European Journal on Criminal Policy and Research* 12 (3-4): 189-211. doi:10.1007/s10610-006-9026-z.
- Savona, Ernesto U. 2006a. "Double Thematic Issue on: Proofing EU Legislation Against Crime." *European Journal on Criminal Policy and Research* 12 (3-4): 177-178. doi:10.1007/s10610-007-9033-8.
- . 2006b. *The Crime Risk Assessment Mechanism (CRAM) for proofing EU and national legislation against crime: Final Report of Project MARC – Developing Mechanisms for Assessing the Risk of Crime due to legislation and products in order to proof them against crime at an EU level*. Milan: Università Cattolica del Sacro Cuore and Transcrime. <http://transcrime.cs.unitn.it/tc/852.php>.
- Savona, Ernesto U., Francesco Calderoni, Sara Martocchia, and Stefano Montrasio. 2006. "Finalising the Crime Risk Assessment Mechanism for the Crime Proofing Activities of European Legislation/Regulation." *European Journal on Criminal Policy and Research* 12 (3-4): 365-397. doi:10.1007/s10610-006-9028-x.
- The Center for Regulatory Effectiveness. *The Health Effects of Contraband Cigarettes*. Washington D.C: The Center for Regulatory Effectiveness. <http://www.thecre.com/tpsac/wp-content/uploads/2011/02/Health-Effects-of-Contraband..pdf>.
- Tollison, Robert D., and Richard E. Wagner. 1992. *The economics of smoking*. Dordrecht: Kluwer Academic Publishers.

Contacts

Ernesto Savona

Professor of Criminology

Director of Transcrime

ernesto.savona@unicatt.it

phone: +390272343715/3716

mobile:+393357544803

fax:+390272343721

Francesco Calderoni

Research Fellow

Researcher at Transcrime

francesco.calderoni@unicatt.it

phone: +390272343715/3716

mobile:+393386438264

fax:+390272343721