

MEDIA INFORMATION

For immediate release

JTI report warns of a ‘Gathering Storm’ in the black market

Intelligence shows criminals are ready for post-Covid boom

Geneva, September 11, 2020 – JTI (Japan Tobacco International) has published a [report](#), independently verified by Intrinsic Insight Ltd., entitled ‘The Gathering Storm’, on how the illegal tobacco trade are operating during the Covid-19 global pandemic and preparing to reap the rewards in the economic aftermath that will follow.

Law enforcement agencies around the world have welcomed the report, which is based on 63 field studies, conducted across 50 countries including Russia, Canada, Malaysia, and the Philippines where tobacco smugglers currently have a strong presence. JTI intelligence found that the global public health crisis and financial downturn has created the conditions for a ‘perfect storm’ where organized criminal groups will further exploit public demand for cheap goods, and capitalize on dwindling buying power in the impending global recession, particularly in countries with high tax regimes.

The report has provided JTI with a global picture of four emerging trends, consistent with Euromonitor and Europol intelligence:

1. Evidence shows that criminal groups are biding their time in readiness for an anticipated boom in illegal tobacco sales;
2. After initial disruption to the illegal supply chain in Western European markets, organized criminals quickly exploited the inconsistent approach to travel and lockdown rules and found alternative routes from production to distribution, leading to significant seizures of illegal factories or their components in countries such as the Czech Republic, Greece, Ireland, Belgium, and Spain;
3. Changed law enforcement priorities and border restrictions have been mixed in limiting supply and the availability of illegal tobacco: whilst governments and authorities in Far East Asia were quicker to impose restrictions, those in the West failed to act with such precision;
4. Technology has been increasingly deployed throughout the pandemic to enable sales of illegal tobacco to continue where strict lockdowns were put in place by governments

throughout Eastern Europe, the Middle East, Africa and Asia Pacific, where WhatsApp and Facebook have provided quick and easy methods of communication between the consumer and criminals. Furthermore, the International Chamber of Commerce predicts that global counterfeit trade will reach \$4 trillion by 2022, primarily fueled by e-commerce¹.

According to the World Bank, the global trade in illegal tobacco is already worth an estimated \$40-50 billion each year to the criminal groups who produce, manufacture, smuggle, distribute and sell tobacco products on which there is no tax duty paid. The loss of revenue to law-abiding retailers is also significantly felt, as is the impact on consumers who are lured into buying sub-standard products.

“To some consumers illegal tobacco is a victimless crime, which is why we need to inform them not only of the hidden dangers they are consuming, but the wider social consequences of buying from criminal groups who also traffic people and arms. Our report, shared with over 160 Law Enforcement Agencies across the world, is the first of its kind for intelligence gathering during the pandemic, and we hope it will serve as a warning to governments of ‘The Gathering Storm’ in the black market,” said Ian Monteith, JTI’s Global Anti Illicit Trade Director.

JTI have set out their plan in the report to tackle ‘The Gathering Storm’, calling for:

- Improved enforcement at national borders;
- Improved intelligence sharing through public and private partnerships between all industries and Law Enforcement Agencies;
- Exploration of fiscal measures that will allow consumer confidence to grow and avoid the temptation to spend on illegal products;
- Co-ordinated global campaigns to inform consumers through increased awareness about the dangers of illegal tobacco and the consequences that arise through its trade.

A copy of the report can be found on [jti.com](https://www.jti.com).

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¹ International Chamber of Commerce. (2017, June 2). Global impacts of counterfeiting and piracy to reach US\$4.2 trillion by 2022. Retrieved from International Chamber of Commerce: <https://iccwbo.org/media-wall/news-speeches/global-impacts-counterfeiting-piracy-reach-us4-2-trillion-2022/>

About JTI

JTI is a leading international tobacco and vaping company with operations in more than 130 countries. It is the global owner of both Winston, the number two cigarette brand in the world, and Camel, outside the USA and has the largest share in sales for both brands. Other global brands include Mevius and LD. JTI is also a major player in the international vaping market with its brand, Logic and tobacco vapor brand, Ploom. Headquartered in Geneva, Switzerland, JTI employs over 44,000 people and was awarded Global Top Employer for the sixth consecutive year. JTI is a member of the Japan Tobacco Group of Companies. For more information, visit www.jti.com.