



Retailers ashen at booming black market tobacco trade

■ Government warned that shops will start to close if **cigarette smuggling** is not tackled

Mike Dwane

SHOP staff could be joining the dole queues if the Government fails to stub out the €500 million black market in tobacco, according to Shannon newsagent, Eoin Hoctor.

A past-president of Shannon Chamber, Mr Hoctor runs McLoughney's newsagent in the town centre and has warned that with tobacco products accounting for up to 30 per cent of newsagents' turnover, core business is being "diluted" to such an extent that jobs and businesses are at risk.

According to **Retailers Against Smuggling**, Irish retailers lost €487 million to the black market in tobacco last year and a further €358 million in additional purchases had smokers chosen to buy over the counter than out of "the back of a car".

And with almost 80 per cent of the €8.50 **cost** of a pack of cigarettes going to the **Government** in VAT and excise duty, the Revenue Commissioners were losing out on hundreds of millions in taxes at a time when swingeing cutbacks in services are being planned to balance the public finances.

"For the type of business I'm involved in, it would not be untypical for 25 to 30 per cent of turnover to relate to tobacco products. More and more people are being driven into the black market at a time when the Government has made it more difficult for legitimate traders to sell tobacco," Mr Hoctor said in relation to the recent ban on the display of cigarettes

and tobacco products in-store.

"People are saying what's the difference going into a shop and having somebody duck in under the counter as if it were an illicit product and going to somebody selling them out of the back of a car.

"Every day, genuine retailers that provide a legal product, like cigarettes, are being bypassed with the lure of cheap, counterfeit unregulated alternatives that are readily available," Mr Hoctor added.

"Retailers are being forced to stop trading. The Government must act now if they want to avoid countless retailers across the country being forced to stop trading as the result of tobacco products being sold on the black market.

"The danger facing retailers cannot be ignored any longer. Our livelihoods are under a considerable threat posed by the smuggling tobacco. The average retailer has a very important role to play in society. They do much more than sell confectionery, they act as a focal point for a community; this could be taken away sooner rather than later."

Mr Hoctor said he employs up to 20 people at busier times of year and he fears for the future "if my business is being undermined through having 30 per cent of my core business diluted in this manner".

Rather than restrict legal traders, the Government could clamp down more on smugglers, who may be individuals return-

ing from Eastern Bloc countries or organised criminals bringing in industrial quantities through Irish ports.

One suggestion is for the Government to invest in more X-ray equipment to scan containers coming into the country. These cost in the region of €5 million and Mr Hoctor said he was aware there was only one in operation in Ireland at present, alternating between Dublin Port and Rosslare.

The capital outlay would be easily made up through detections and a message would go out that Ireland was not a soft spot for smugglers.

According to **Retailers Against Smuggling** Ireland is now "perceived as being a paradise for international tobacco smugglers".

The over-the-counter price for a pack of 20 is almost 10 times more expensive than in Romania; more than four times the price in Poland and almost three times the cost in Spain. Even in a wealthy country like Germany, they cost only half the price.

"Over one billion cigarettes were sold by smugglers in the past year, which means that one in five cigarettes in Ireland were smuggled," said a spokesman for **Retailers Against Smuggling**, who said the organisation arose from the initiative of retailers and not tobacco companies.

"While retailers are being unjustly affected by the increased movement of cigarettes on the black market, the Irish economy is also suffering as a result of **contraband cigarettes**.

Non Irish duty-paid cigarettes are depriving Ireland of €387 million each year in lost Government revenues. With more and more people turning to the black market for tobacco products, the Government is set to lose out on much needed revenue."

One quarter of all deaths in Ireland are linked to smoking, and the Office of Tobacco Control said that, regardless of the risk of smuggling, "price is the single key determining factor in stopping young people from smoking and getting smokers to give up and that has been proven in study after study".

Speaking to the Limerick Leader earlier this year, Minister for Finance Brian Lenihan said it was a matter of striking a balance between protecting public health and preventing the growth in the black market.

"With cigarette prices in some European member states considerably lower than in Ireland, the balance between the potential to achieve health benefits associated with an increase in excise duty, on the one hand, and the increase of illicit trade practices on the other, must be considered," he said.

"The increases in excise duty by 50 cent in Budget 2007, 30 cent in Budget 2008 and 50 cent in Budget 2009 took account of all these factors."

Retailers say the black market circumvents state efforts to control tobacco usage among young people as illegal sellers don't ask for ID.

Shop owners interested in getting involved in the campaign against smuggling are asked to email info@retailersagainstsmuggling.ie or call 1800 727 727. It is free to join the campaign.

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