

# Actions to Reduce Tobacco Smuggling

Concerted Action to Thwart  
the Underground Economy

February 2011

ECONOMIC AND BUDGETARY POLICY  
SECTOR



**ACTIONS CONCERTÉES POUR CONTRER  
LES ÉCONOMIES SOUTERRAINES**

Finances  
Québec 



# Fight Against Tobacco Smuggling



- Implementation of the ACCES concerted action committees:
  - Concerted action to thwart underground economies
- 4 ACCES committees:
  - ACCES Tabac (tobacco)
  - ACCES Alcool (alcohol)
  - ACCES Construction
  - ACCEF (economic crime)



## Special Model



- The ACCES committees emphasize concerted action among partners concerned by a problem issue causing the government to lose significant revenue.
- Specific funding from the Ministère des Finances.
- ACCES committees aim in particular to recover amounts that elude the government.



## Why ACCES Tabac?



- ACCES tabac was formed in 2001-2002.
  - Significant tax losses associated with tobacco smuggling.
- ACCES Tabac
  - Enables Revenu Québec to benefit from the cooperation of police forces.

(P)



# Structure of ACCES Tabac



Sécurité publique  
Québec

Revenu  
Québec

Finances  
Québec

Santé  
et Services sociaux  
Québec



Canada Border  
Services Agency

Agence des services  
frontaliers du Canada



Agence du revenu  
du Canada

Canada Revenue  
Agency



Tactical  
committee



## Concerted action



Strategic  
committee



Revenu  
Québec



Directeur  
des poursuites  
criminelles et pénales  
Québec

Finances  
Québec



# Mandates of the ACCES Tabac Tactical Committee



General Mandates	Ad Hoc Mandates
Monitor the illegal tobacco trade in Québec.	Set up teams assigned to short-term investigations.
Identify the stratagems used by smugglers.	Fund ad hoc teams.
Analyze various measures that may limit smuggling activities and propose changes to legislation.	Train police personnel.



# Legislative Changes to Combat Smuggling



- New intervention powers for police forces.
- Ban on possessing or selling smuggled tobacco.
- Ban on selling or buying tobacco at a price below the tax charges.
- Oversight of importing, transportation, storage and sale of raw tobacco as well as tobacco growing.

The objective of all of the measures taken by the Québec government is to limit the supply of illegal products and cause their price to rise.



# Results of Inspection Activities under ACCES Tabac

## Results of inspection activities

(units)

	2006-2007	2007-2008	2008-2009	2009-2010
Inspections	7 835	3 197	3 517	4 552
Infractions	387	635	572	907
Infraction rate (%)	4.9	19.9	16.3	19.9

- The infraction rate is up following a change in strategy in 2007-2008.



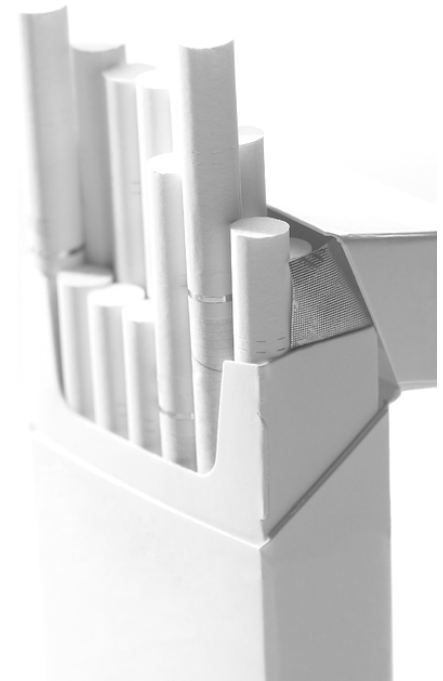


# Results of Seizures, 2010-2011

*(Provisional, as at November 30, 2010)*



- Seizures made by Québec police forces as at November, 2010 for 2010-2011:
  - 93 340 cartons of cigarettes;
  - 135 993 Ziploc bags of 200 cigarettes;
  - 57 899 kg of loose tobacco;
  - \$515 029 in cash.
- Value of seizures: over \$16 million.



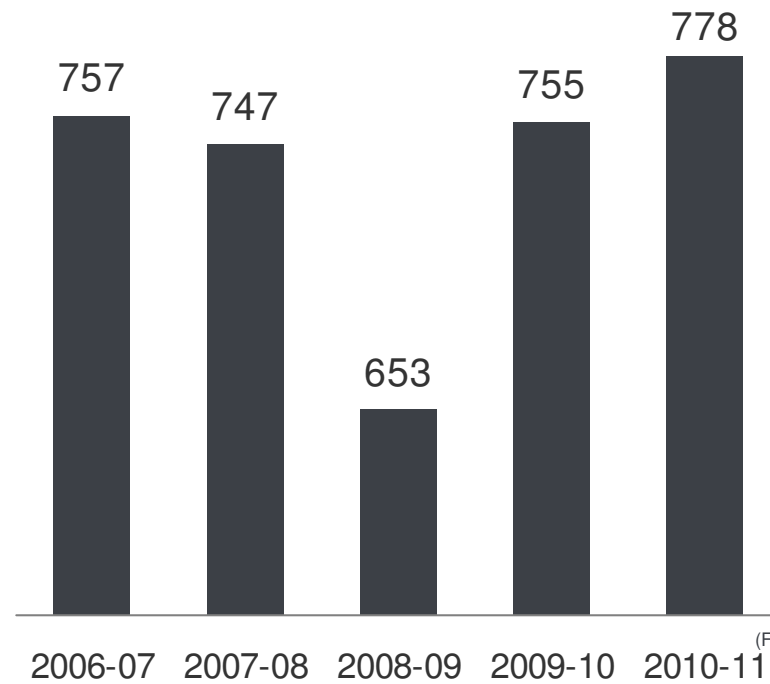
Seizures of loose tobacco and cartons of cigarettes are on the rise



# Revenue from the Specific Tax on Tobacco Products



Revenue from the specific tax on tobacco products  
(millions of \$)



(F) Forecast fall 2010



## Continuing Efforts



- Finalize and consolidate implementation of regional teams.
- Sanctions and penalties.
- Adapt strategy to keep pace with changes in smuggling.



## Conclusion



- The ACCES model has proven itself.
- The experience has shown that coordination and concerted action produce results.



## For information

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