

# CHEAP WHITE CIGARETTES



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**Cheap Whites, also known as Illicit Whites, are cigarettes manufactured by legitimate businesses with a large share of the production being sold without all applicable duties paid, usually outside the jurisdiction where they are produced.**

Cheap Whites have emerged in illicit trade channels over the past decade. Illicit cigarettes undermine tobacco control efforts as cheaper cigarettes make smoking affordable, resulting in negative public health outcomes. Lost cigarette excise taxes result in reduced government revenue.

To penetrate new markets, cigarette manufacturers sell cigarettes without paying all applicable taxes. This approach was employed by Transnational Tobacco Companies (TTCs) when they used illicit routes to secure their access to

new markets in Asia, Africa and the Former Soviet Union countries.

We examined various definitions of cheap white cigarettes as well as their market presence, brand proliferation, manufacturers, production locations, trademark ownership, prices and compliance with tax stamp and warning labels. We used data from peer-reviewed and grey literature, newspapers, trademark registries, governments / international organisation reports, tobacco industry documents and the Tobacco Pack Surveillance System (TPackSS).

## MAIN RESULTS

- We identified 82 Cheap White brands and 53 manufacturers operating at least 82 production facilities.
- One-third of these manufacturers are in the free zones of Russia, Cyprus and the UAE.
- Cheap Whites are on average less expensive than all other brands, but the price gap is often not as large as anecdotally reported.
- Contrary to the general notion that all Cheap Whites are illegal, we identified markets where some Cheap White brands are sold legally.



**Examples of Cheap White Cigarettes**



**Types of illicit trade**

Term	Definition
Tax avoidance	Legal activities to pay less/no taxes
Tax evasion	Illegal activities to pay less/no taxes
Smuggling	Illegal trading across borders
Illicit trade	Any practise or conduct prohibited by law and which relates to production, shipment, receipt, possession, distribution, sale or purchase
Illicit manufacturing	Production contrary to law
Counterfeit production	Production of manufactured products which bear a trademark without the consent of the owner of the trademark

Cheap Whites, depending on their production and distribution, fall under various of these categories

**POLICY LESSONS**

- Cheap Whites should not distract policy makers from addressing illicit trade in all tobacco products as proposed by the WHO Protocol to Eliminate Illicit Trade in Tobacco Products which requires Parties to the Protocol to take measures to effectively control the supply chain of tobacco products.
- Despite the attention paid to Cheap Whites by the TTCs and the media, the majority of illicit cigarettes consumed in Europe still consist of TTCs brands. Illicit cigarette trade is therefore not likely to disappear by eliminating Cheap Whites but rather by focusing on illicit trade of all tobacco products.

**Link to full research paper:**

Ross H, Vellios N, Clegg Smith K, Ferguson J and Cohen J. A Closer Look at “Cheap White” Cigarettes. 2015. *Tobacco Control*.

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