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Unmasking and Tackling the Illicit Tobacco Trade in Benin: A Call for Enhanced Surveillance and Enforcement

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Key Takeaway

The illicit tobacco trade in Benin is a significant problem, contributing to public health issues, economic losses, and undermining anti-tobacco efforts. This study identifies a vast network of traders, transporters, and informers of illicit tobacco trade, particularly prevalent in certain border towns (Kétou, Bassila, Kalalé and Djidja, accounting for over 70% of transactions), with the majority of smuggled products being cigarettes, raw tobacco, and tobacco powder. Based on these findings, it is recommended to increase the capacity of customs, police, and gendarmerie to detect and prevent illicit tobacco trade, particularly in identified hotspots.

1. The issue

Benin is grappling with the intricate and multifaceted problem of illicit tobacco trade, a challenge that extends beyond its borders and has significant public health, economic, and social implications.

From a public health perspective, the affordability of illicit tobacco products, due to their lower prices, makes them more accessible to vulnerable groups such as young people and low-income earners. This increased accessibility undermines efforts to curb tobacco consumption and prevent tobacco-related diseases. Furthermore, these illicit products often circumvent health regulations and standards, potentially exposing consumers to higher levels of harmful substances.

Economically, the illicit tobacco trade leads to considerable revenue losses for the government due to tax evasion. This loss of revenue hampers the government's ability to fund public services, including health care, education, and infrastructure. Moreover, the illicit trade disrupts the legal tobacco product market, negatively impacting legitimate businesses.

The illicit tobacco trade also has social and legal implications. It contributes to the expansion of informal economies and can act as a catalyst for other forms of organized crime, such as drug trafficking and money laundering. It also undermines the rule of law, as it involves corruption and other illegal activities.

One of the key challenges in addressing this issue is the lack of up-to-date and comprehensive data on tobacco smuggling. While it is common to see a variety of cigarettes intended for consumption in neighboring countries in local markets and convenience stores, there are no official statistics on the scale and nature of the illicit tobacco trade in Benin.

2. Key findings and implications

The study provides a comprehensive analysis of the illicit tobacco trade in Benin, revealing several key findings with significant implications for public health, economic, and social policies.

Scale and nature of the illicit trade:

The study identifies a vast network of illicit tobacco trade, with most smuggled products being cigarettes, raw tobacco, and tobacco powder. The trade is facilitated by a network of traders, transporters, and informants, with a significant portion of the products sold in local markets and shops. The illicit trade is particularly prevalent in certain border towns (Kétou, Bassila, Kalalé and Djidja, accounting for over 70% of transactions), with the majority of smuggled products being cigarettes, raw tobacco, and tobacco powder, indicating the need for targeted interventions in these areas.

Economic impact:

The illicit tobacco trade results in substantial revenue losses for the government due to tax evasion. For example, the loss of tax (customs) revenue due to the smuggling of tobacco products was estimated at XOF 283.6 million in August 2017 alone. This undermines the government's ability to fund public services, including health care, education, and infrastructure. Furthermore, the illicit trade disrupts the legal tobacco market, negatively affecting legitimate businesses.

Public health impact:

Illicit tobacco products, due to their lower prices, are more accessible, especially to vulnerable groups such as the youth and low-income earners. This accessibility undermines public health efforts to reduce tobacco consumption and prevent tobacco-related diseases. Moreover, illicit tobacco products often bypass health regulations and standards, potentially exposing consumers to higher levels of harmful substances.

Legal and social impact:

The illicit tobacco trade contributes to the growth of informal economies and can fuel other forms of organized crime, such as drug trafficking and money laundering. It also undermines the rule of law, as it involves corruption and other illegal activities while its contribution to domestic resources mobilization is quite low. In 2016, the tax revenue collected from tobacco products was XOF 1.5 billion, which represents 0.17% of Benin's total tax revenue.

Contributing factors:

The study identifies several factors contributing to the illicit tobacco trade in Benin. These include lax law enforcement, weak transportation systems, the existence of informal distribution networks, and price disparities between legal and illicit products. The proximity of Benin to other countries with lower tobacco prices and weaker regulations also facilitates cross-border smuggling.

These findings underscore the need for a comprehensive and multi-faceted approach to address the illicit tobacco trade in Benin, considering its various economic, public health, social, and legal implications.

3. Main policy recommendations

Implement public awareness campaigns:

Public awareness campaigns should be conducted to educate the population about the dangers of tobacco use and the negative impacts of the illicit tobacco trade. This could involve training media professionals to disseminate information about national and international anti-tobacco laws and policies.

Harmonize taxation policies:

The lack of harmonized tobacco taxation within the Economic Community of West African States (ECOWAS) creates conditions conducive to illicit trade. Benin should take a leading role in advocating for the adoption of a directive on tobacco taxation within ECOWAS to eliminate illicit trade and improve government revenues.

Strengthen law enforcement:

Given the lax application of laws and penalties, there is a need to strengthen law enforcement at all levels. This includes increasing the capacity of customs, police, and gendarmerie to detect and prevent illicit tobacco trade, particularly in identified hotspots.

Promote research and data collection:

The study highlights the lack of comprehensive data on the scale and nature of the illicit tobacco trade in Benin. Universities and research centers should be mobilized to conduct rigorous research on tobacco use and illicit trade. The National Institute of Statistics and Demography (INStAD) should also work towards improving the completeness of external trade statistics, particularly for tobacco products.

Enhance inter-ministerial coordination:

A multi-sectoral approach is required to effectively combat the illicit tobacco trade. This could involve the creation of an inter-ministerial body, including representatives from health, finance, justice, education, and youth ministries, to coordinate and monitor the implementation of anti-tobacco measures.

Seek international cooperation and support:

The government should seek technical and financial support from international partners, including the WHO, to implement the proposed measures. This could involve funding for research, capacity building, and the implementation of tracking and tracing systems.

4. Further reading:

For more detailed information, please refer to the full study:

Analyse de l'ampleur de la contrebande des produits du tabac au Bénin [*Analysis of the magnitude of tobacco smuggling in Benin*]

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**THE AFRICAN CAPACITY BUILDING
FOUNDATION (ACBF HEAD OFFICE)**

2 Fairbairn Drive, Mount Pleasant, Harare, Zimbabwe
Tel: (+263-242) 304663, 332002
Cell: +263 772 185 308 - 10
E-mail: root@acbf-pact.org

**ACBF REGIONAL OFFICE,
WEST & CENTRAL AFRICA**

3rd Floor, The Rhombus, Plot 24 Tumu Street,
Kanda Estates, Accra, Ghana
Tel : +233 540122013
E-mail : accra@acbf-pact.org

**ACBF REGIONAL OFFICE,
EAST & SOUTHERN AFRICA**

ACK Garden House, 2nd Floor, 1st Ngong Ave, Nairobi, Kenya
Tel: +254 (20) 5160052
Cell: +254 727 116 276
E-mail: nairobi@acbf-pact.org



www.acbf-pact.org