

TECHNOVATION

Illicit cigarette trade in Latin America and Canada: a threat that transcends borders

Illicit cigarette consumption has reached **critical levels** across the region, affecting tax revenues, public security and institutions. The data highlights the need to **strengthen** law enforcement and **advance** effective regional coordination.

77
BILLION



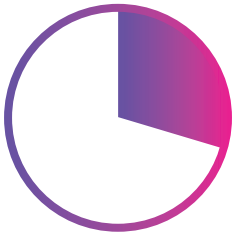
illicit cigarettes were consumed in 2025.

USD 8.5
BILLION



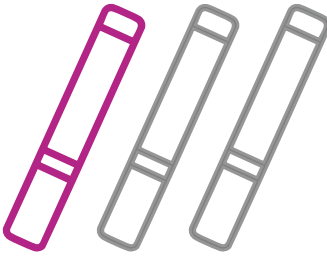
estimated tax revenue losses due to illicit cigarettes amount.

31,9%



of total cigarette consumption was illicit in 2025. This is more than twice the estimated global average of 15%.

1 IN
EVERY 3



cigarettes consumed in the region is illicit.

> REASONS FOR CONCERN

USD 8.5
BILLION
IN ESTIMATED TAX
REVENUE LOSSES

>

represent resources that governments could otherwise use to build new roads across the region, construct tens of thousands of classrooms, or build more than 50 hospitals across the continent.

MORE INFORMATION:  [tradeconomics](#)  [latestcost](#)  [classroom construction costs](#)

> WHAT DOMINATES DE ILLICIT MARKET?

Illicit Whites: are legally manufactured cigarettes that are subsequently diverted into illicit channels through smuggling.

Illicit Whites account for approximately 73% of all illicit cigarettes consumed across the region, representing 56.5 billion cigarettes.

Among Illicit Whites for which the country of origin is known, 75% originate in Paraguay.

Approximately 40 BILLION Illicit Whites are consumed in Brazil.

Source: Illicit Cigarette Consumption in Latin America and Canada: Results for Calendar Years 2021 –2025, KPMG, April 2026.
Commissioned by Philip Morris Products S.A.

> **REGIONAL OVERVIEW:**
TRENDS IN ILLICIT CIGARETTE CONSUMPTION ACROSS 11 MARKETS

31,9%

of total cigarette consumption across the region was illicit in 2025.

+ MORE THAN TWICE
the **global average** of **15%**.

THE COUNTRIES WITH THE HIGHEST SHARES

of illicit cigarette consumption were:

88,8%

PANAMÁ



83,6%

ECUADOR



57,9%

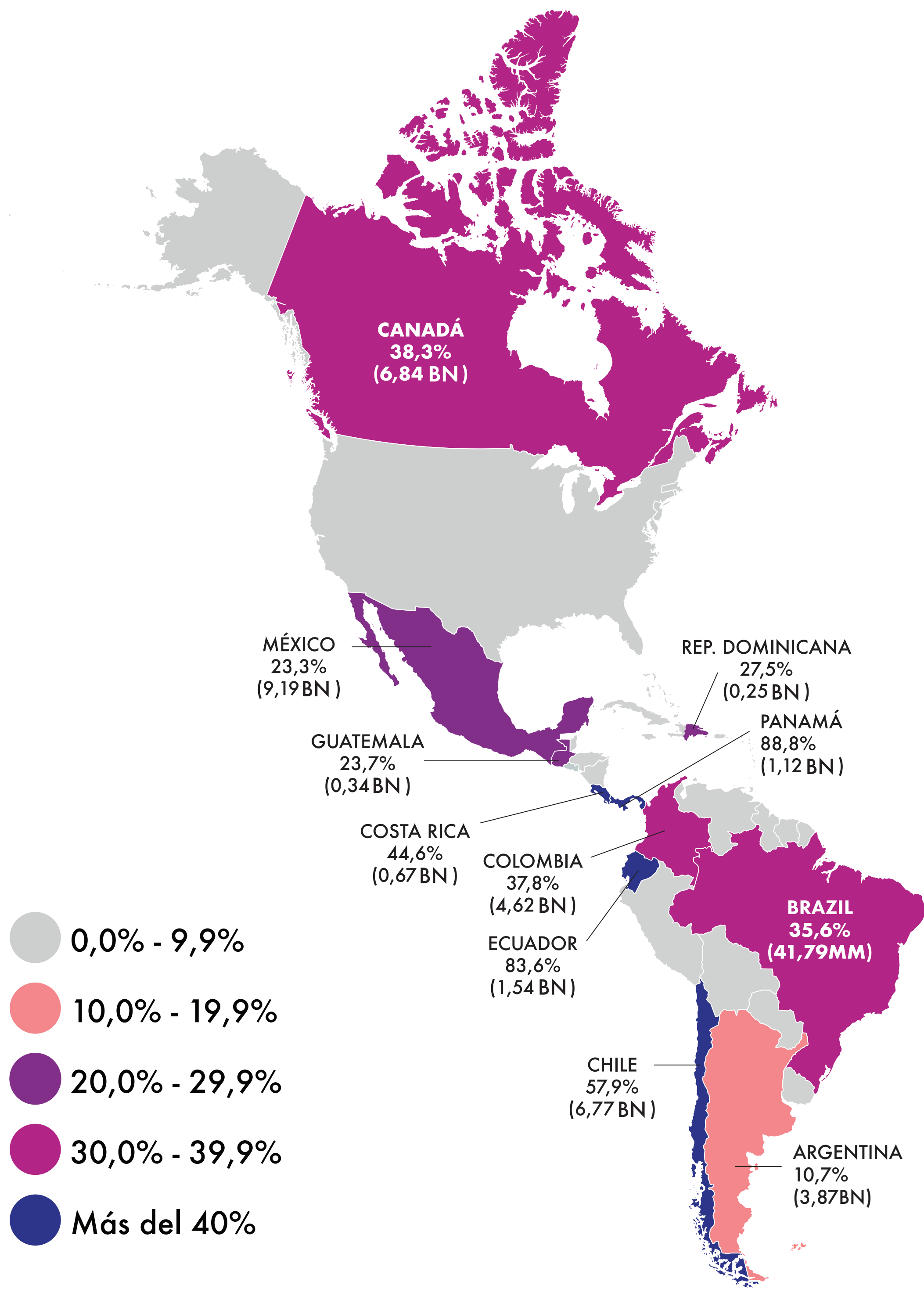
CHILE



ARGENTINA

10,7%

recorded the **lowest proportion among the markets highlighted**, with illicit cigarettes accounting of total cigarette consumption.



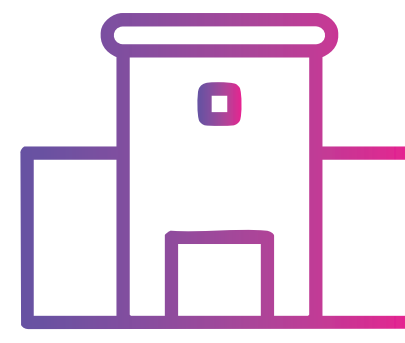
Source: Illicit Cigarette Consumption in Latin America and Canada: Results for Calendar Years 2021 –2025, KPMG, April 2026.
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> WHY DOES IT MATTER?

Illicit trade undermines governance and affects public security.



Organized crime benefits from illicit activities



Illicit trade undermines governance and affects public security



Makes effective law enforcement more difficult



weakens state institutions, strengthens criminal organizations and harms legitimate economic activity

Criminal networks operate across borders and beyond regulatory controls.

> PUBLIC POLICY IMPLICATIONS

Combating illicit trade should be a **priority for governments**, as more effective action can **generate both fiscal and social benefits**.

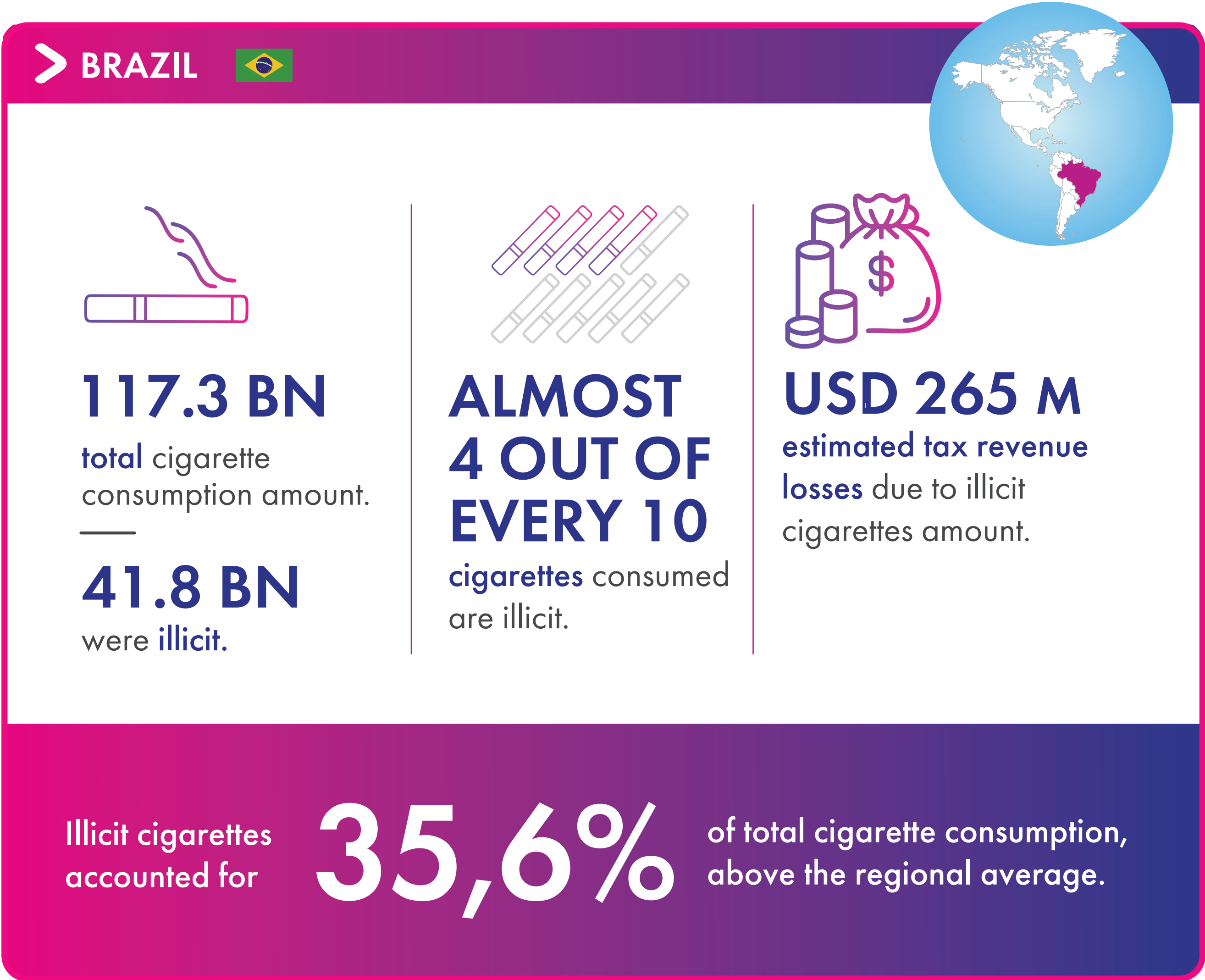


Efforts to combat illicit trade can strengthen tax revenue collection, public institutions and the rule of law.

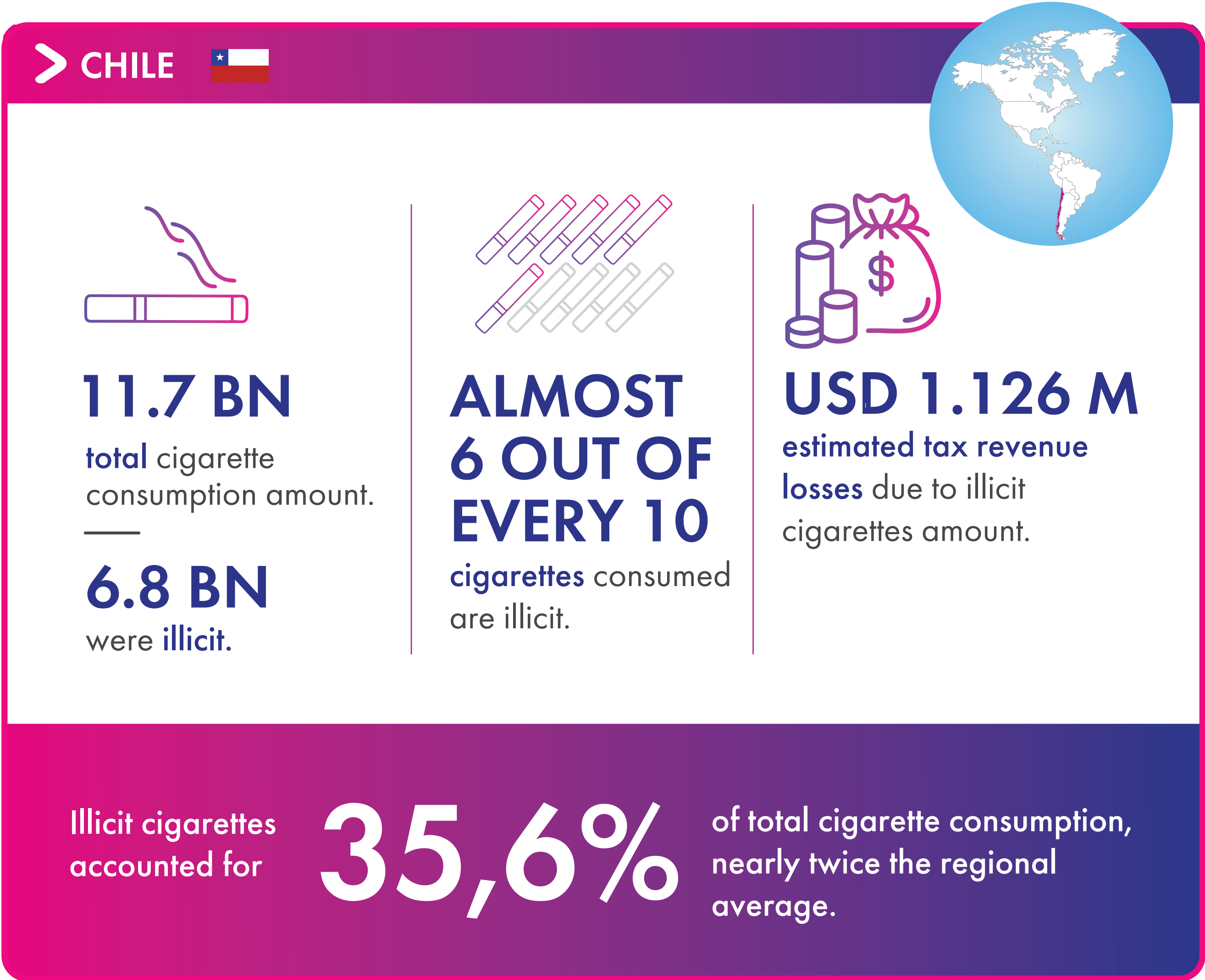
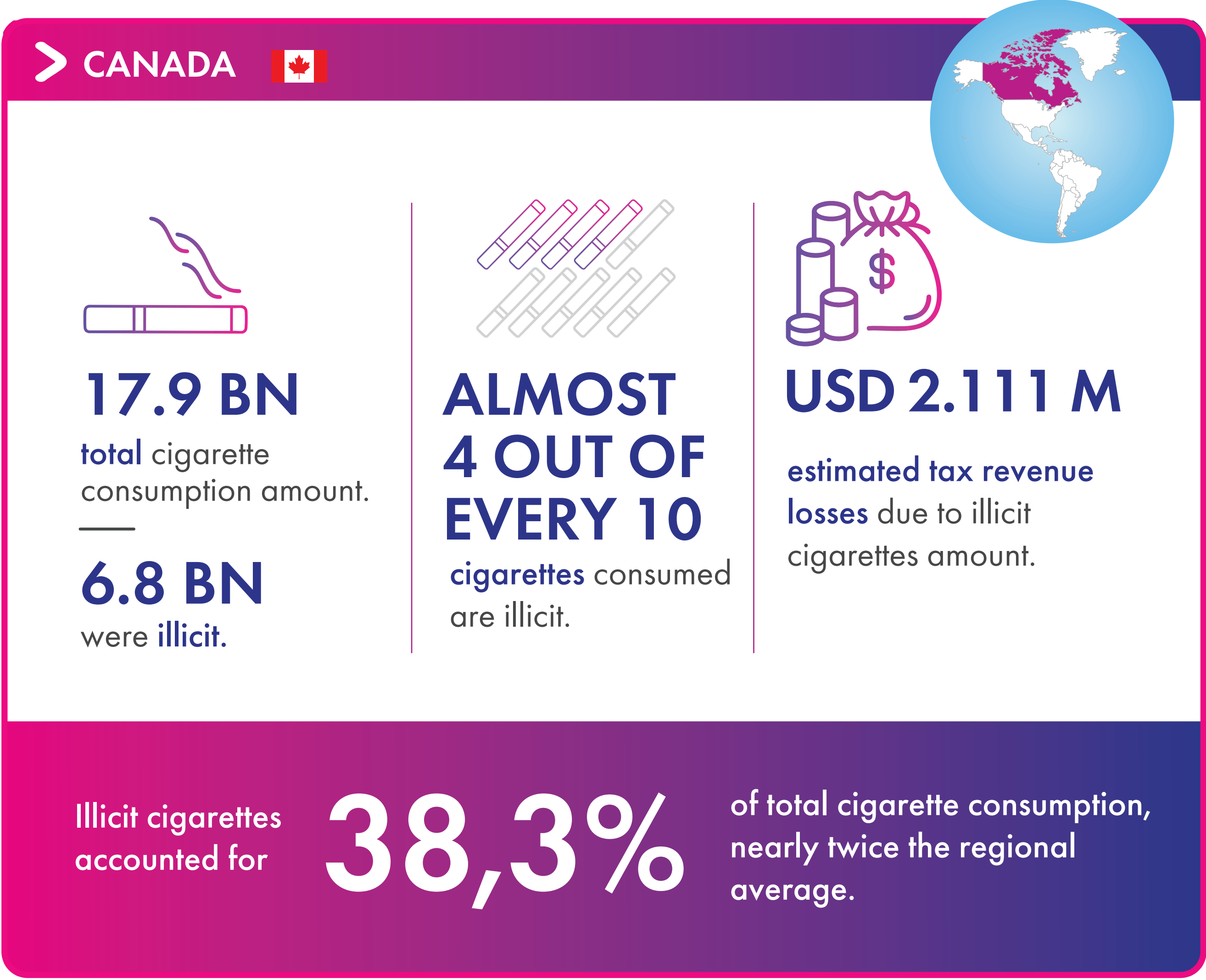


Making progress against illicit trade requires balanced regulation, effective law enforcement and public-private collaboration, rather than overly restrictive regulatory frameworks or prohibitions that may result in consumers shifting from the legal market to the illicit market.

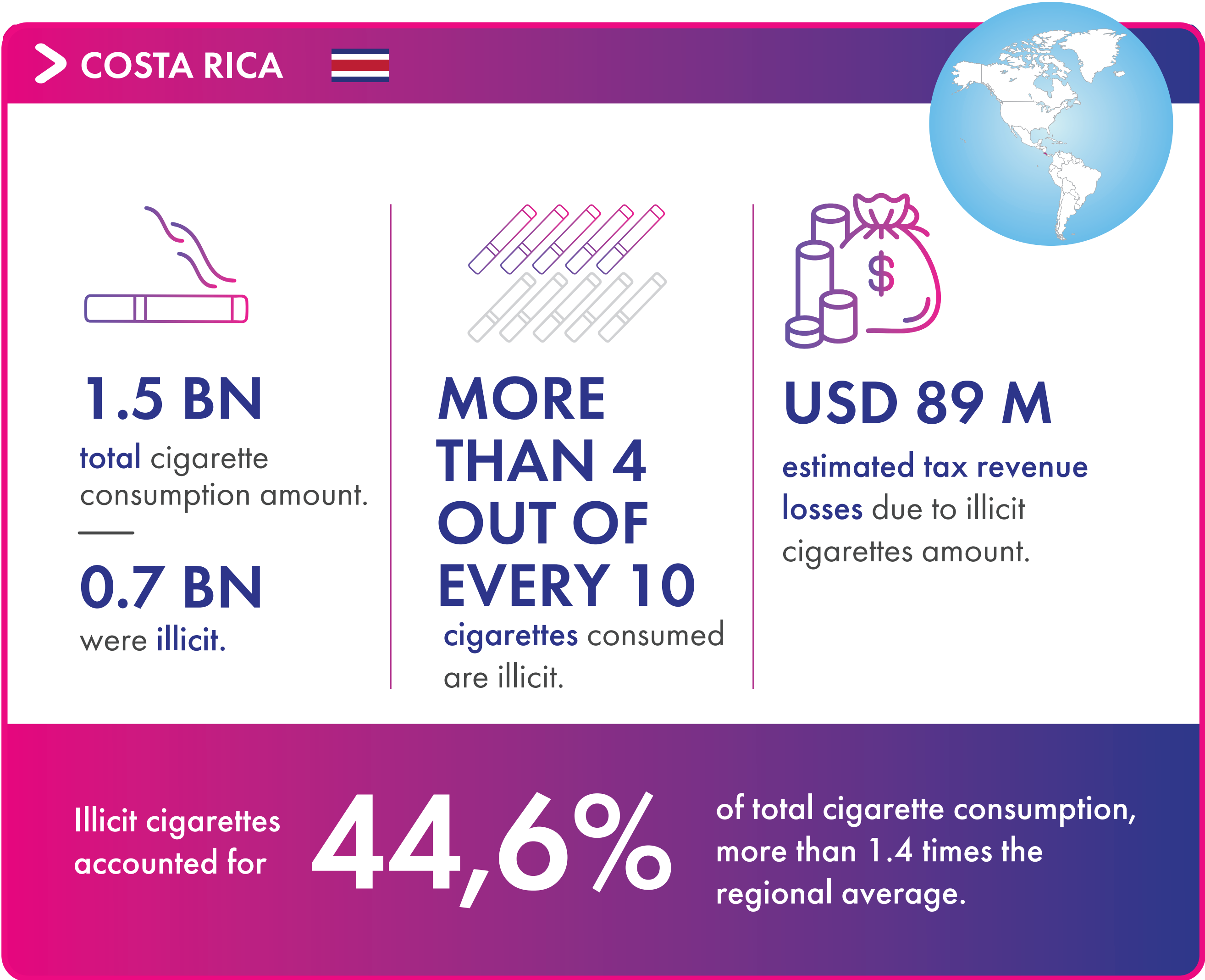
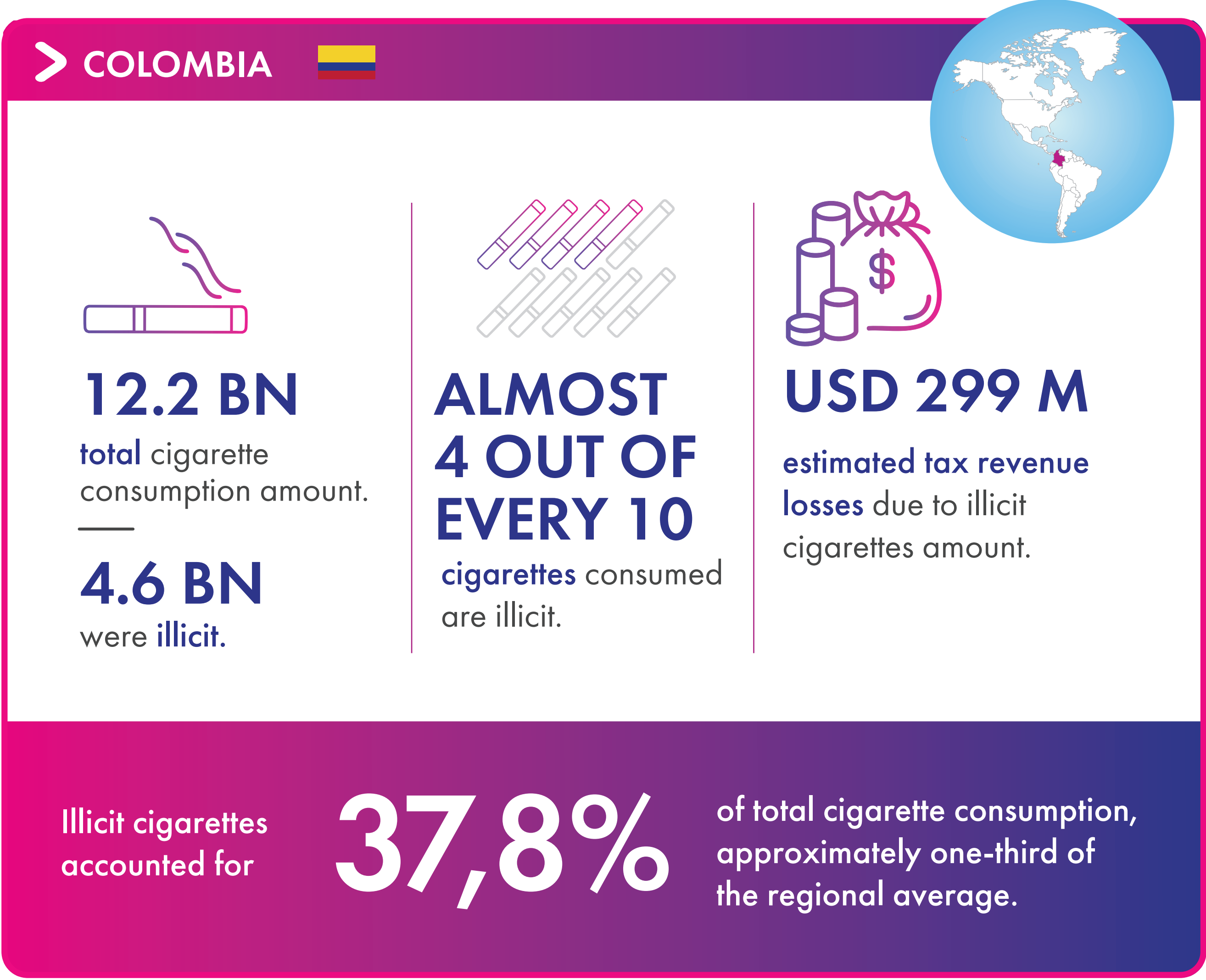
Latin America and Canada: illicit cigarette market



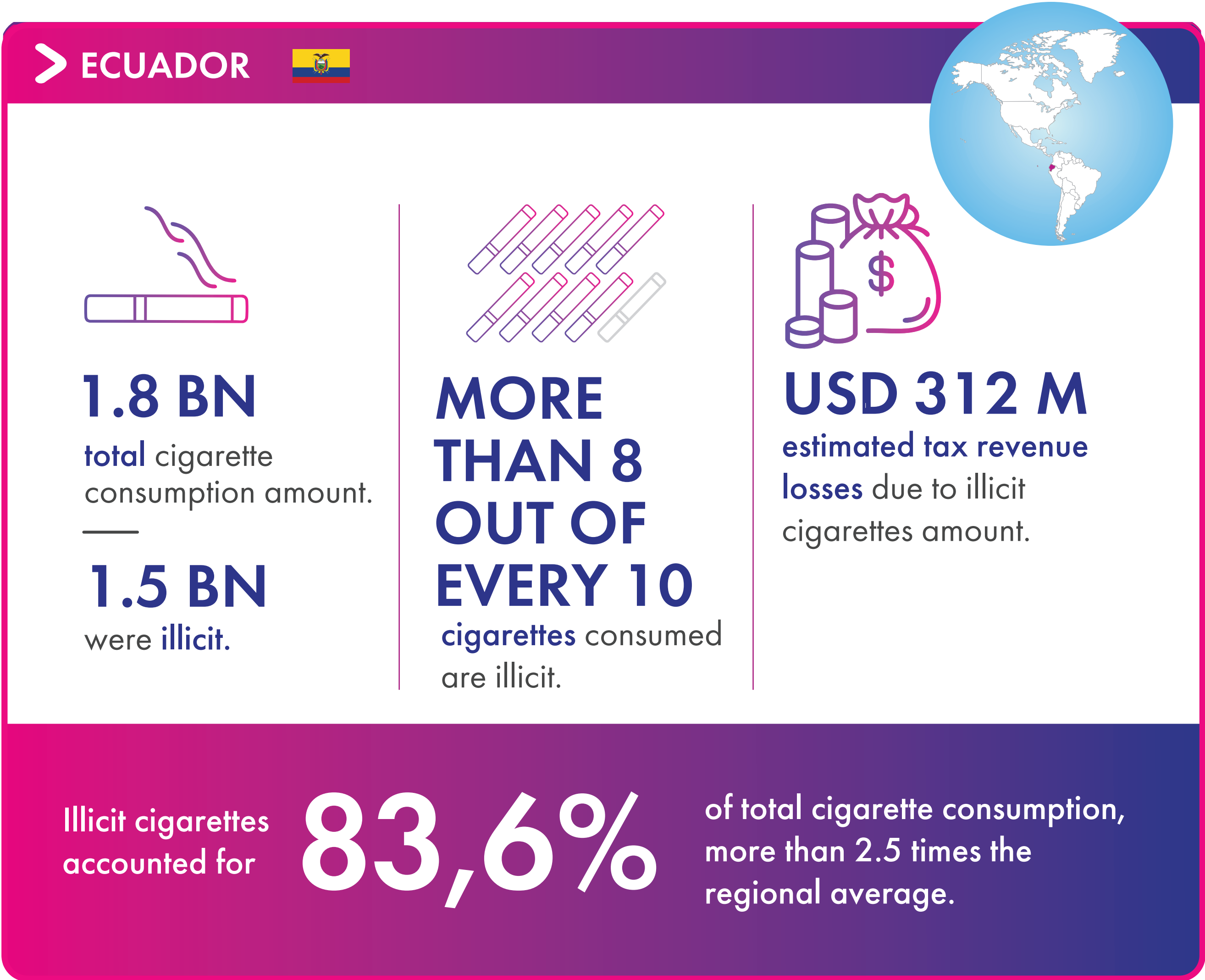
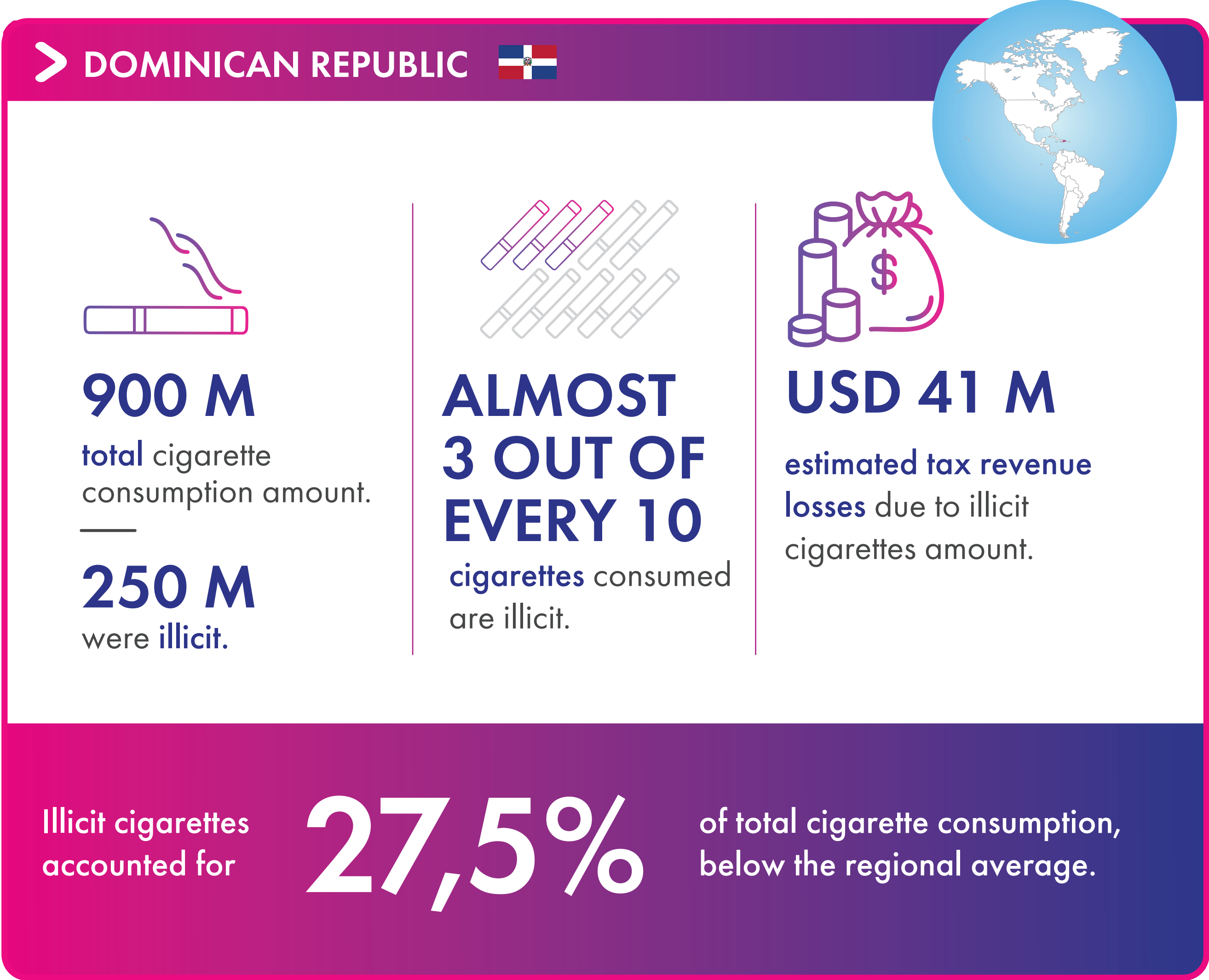
Latin America and Canada:
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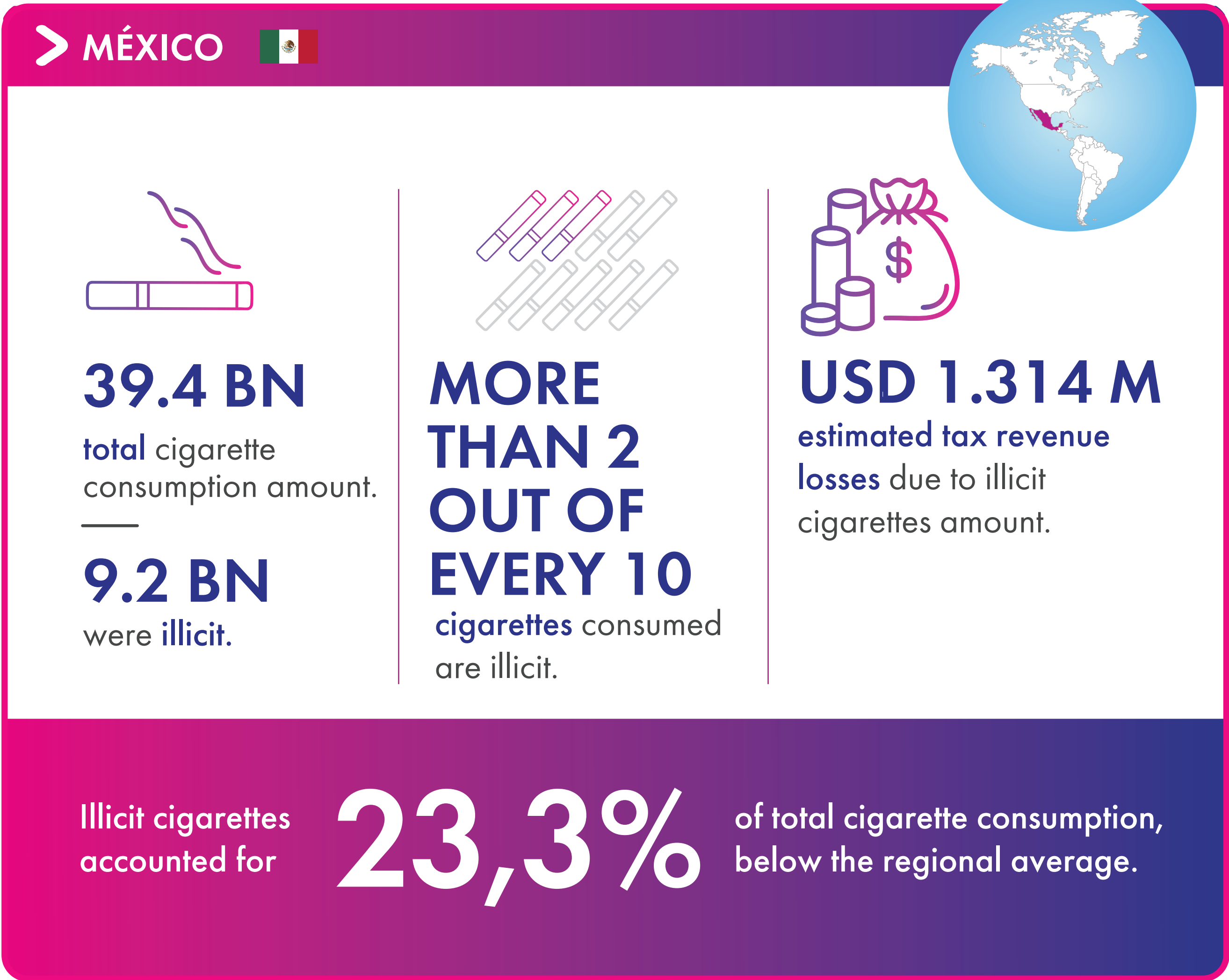
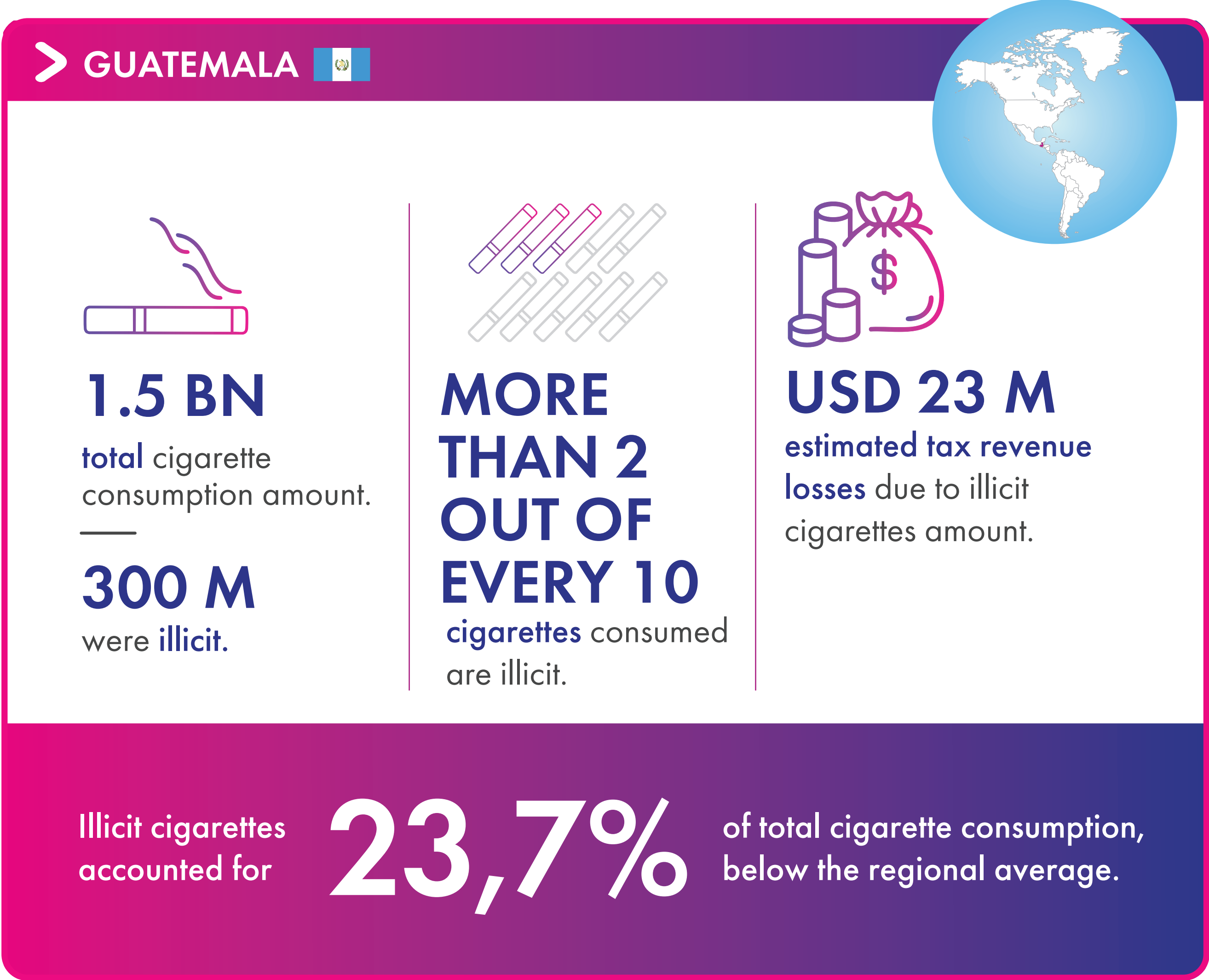
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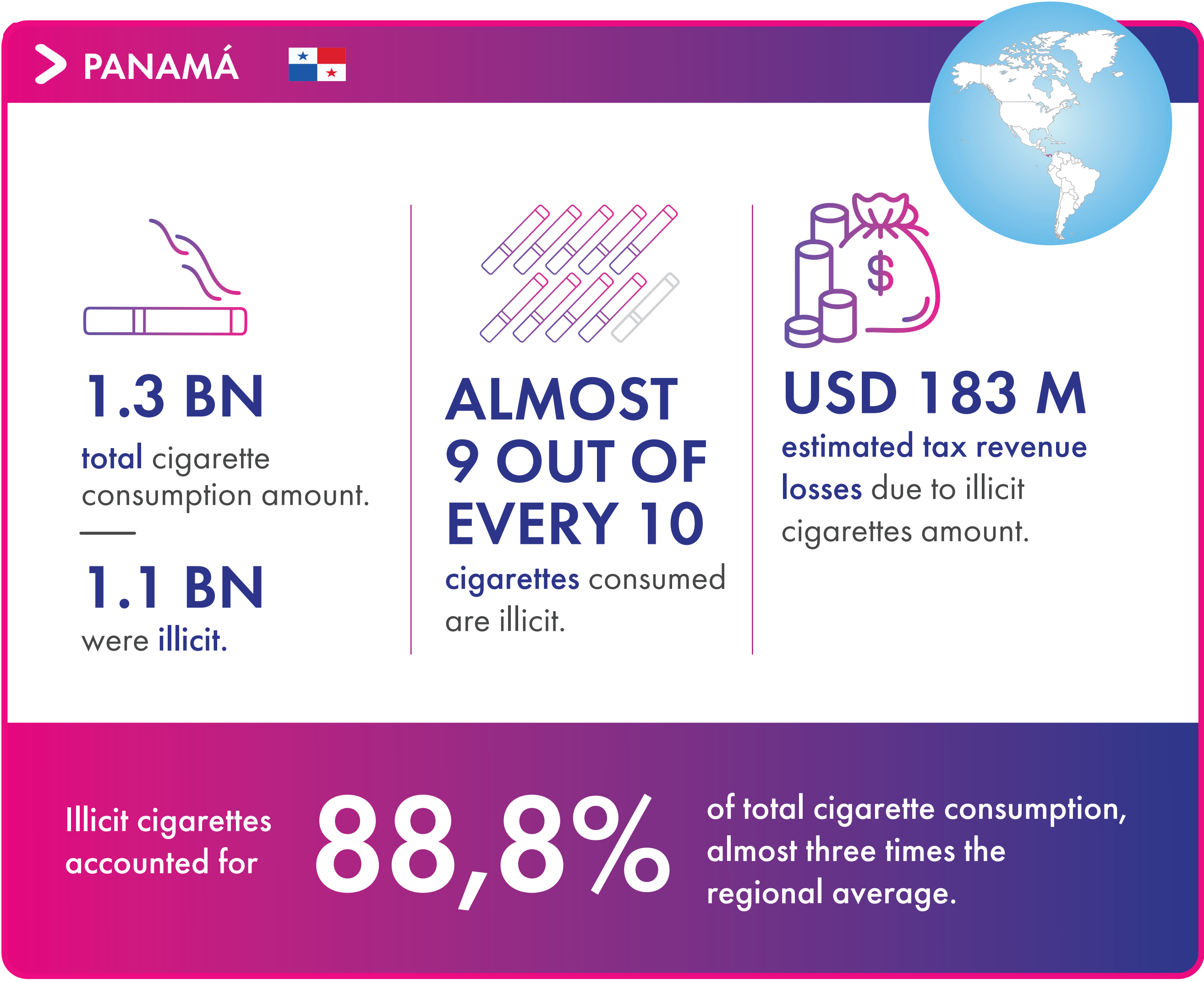
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