



Asia Illicit Tobacco Indicator 2017: Executive Summary

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Scope

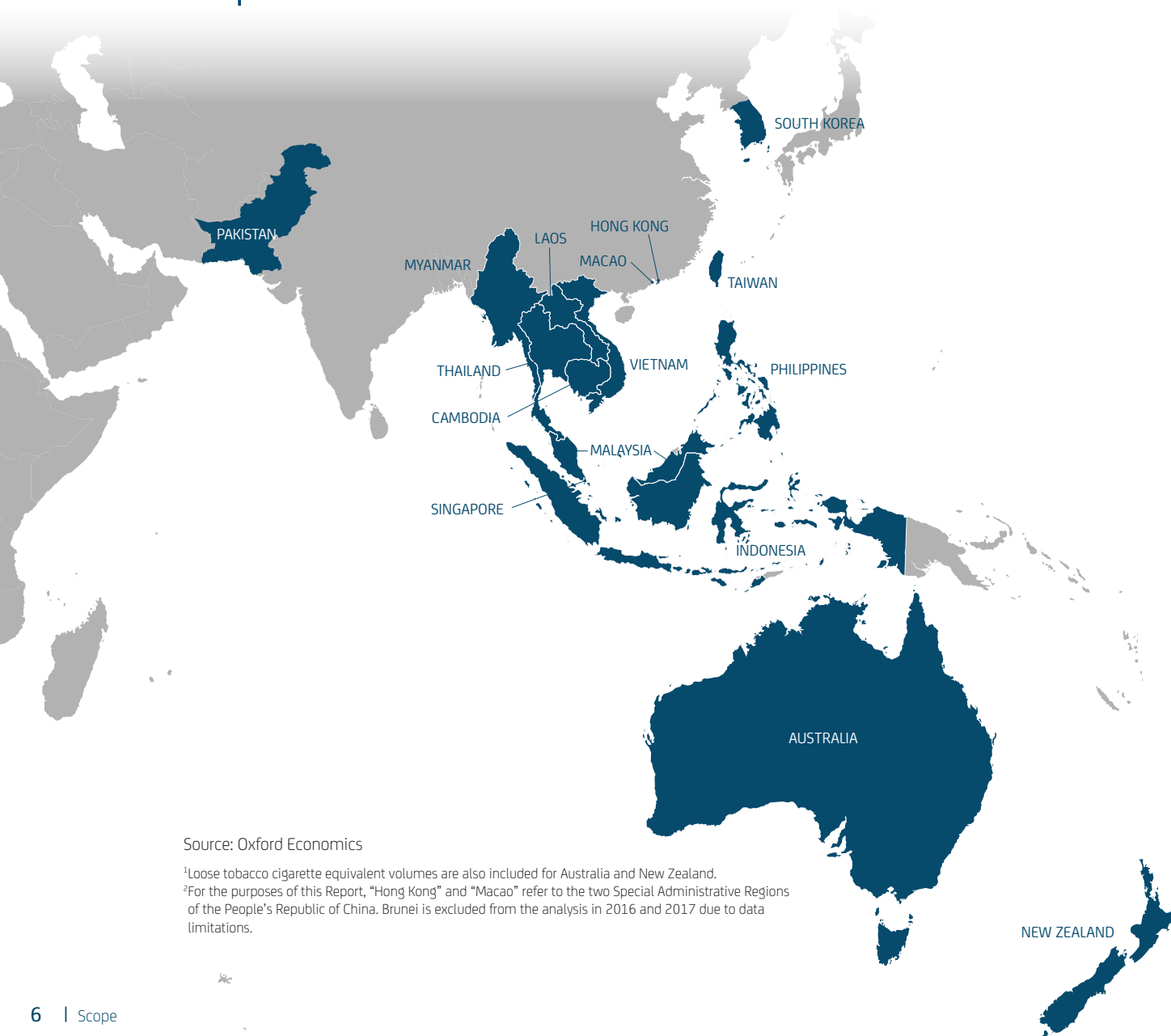
This Report provides an overview of the nature of the illicit trade of cigarettes across a selection of Asian markets (including Australia and New Zealand). It establishes estimates of consumption of illicit cigarettes and the impact this has on tobacco tax revenue.¹ This is the sixth year of the Asia Illicit Tobacco Indicator Report. Historical data are available via the following link <http://illicittobacco.oxfordeconomics.com/>

The purpose of this Report is to:

- Validate Illicit Incidence levels, reviewing and refining estimates using available sources such as Empty Pack Surveys, consumer research, and other sources.
- Estimate Illicit Consumption in terms of volume, including where possible, a breakdown by Market Variant.
- Estimate the annual government Tax Loss from indirect taxes on cigarettes including Excise Tax, VAT/GST/sales tax, and Earmarked Taxes.

This year, the selected markets include the following: Australia, Cambodia, Hong Kong, Indonesia, Laos, Macao, Malaysia, Myanmar, New Zealand, Pakistan, Philippines, Singapore, South Korea, Taiwan, Thailand, and Vietnam.²

Map of Asia Illicit Tobacco Indicator markets



Source: Oxford Economics

¹Loose tobacco cigarette equivalent volumes are also included for Australia and New Zealand.

²For the purposes of this Report, "Hong Kong" and "Macao" refer to the two Special Administrative Regions of the People's Republic of China. Brunei is excluded from the analysis in 2016 and 2017 due to data limitations.

Methodology

Oxford Economics developed an Illicit Trade (IT) Flows Model to estimate the size of Illicit Consumption and trade flows in selected Asian markets. A detailed methodology is contained within the Asia Illicit Tobacco Indicator 2017 Methodological Overview Report, available via <http://illicittobacco.oxfordeconomics.com/methodology/>, and should be read in conjunction with this Report. A summary of the methodology is provided below:

- To measure Legal Domestic Sales, our preference was to use official statistics on duty-paid sales, subject to availability. If official data was not available, we used In-Market Sales (IMS) data provided by the industry.
- Legal Domestic Consumption was subsequently calculated by adjusting Legal Domestic Sales data for Outflows of legal cigarettes based on analysis of Empty Pack Surveys and consumer research in other markets (e.g., an Inflow of Australian Market Variant cigarettes as identified by the Empty Pack Survey conducted in New Zealand must also be recorded as an Outflow of legal cigarettes from Australia in the IT Flows Model).¹
- The incidence and volume of Non-Domestic Inflows were primarily estimated using Empty Pack Surveys. Empty Pack Surveys provide an estimate of the share of non-domestic cigarettes in Total Consumption. Legal Domestic Consumption is scaled up by this non-domestic share, leading to an estimate of the volume of Non-Domestic Inflows and hence Total Consumption.²
- Empty Pack Surveys also provide a breakdown of the Inflows by Market Variant so that they can be matched against the Outflows data (see above). The IT Flows Model is “iterated” to ensure consistency between Inflows and Outflows by market, leading to refinement of the estimates of incidence and volume of Inflows.
- The volume of Non-Domestic Legal cigarettes entering each market is estimated separately by calculating the “theoretical maximum volume of legal Duty-Free Inflows of cigarettes” from the rest of the world. This is based on tourism data on passenger flows (inbound and outbound), Smoking Prevalence and population data, and the prevailing passenger duty-free personal import allowance in each market under consideration.
- The volume of Non-Domestic Illicit Inflows (i.e., Counterfeit, Contraband, and Non-Domestic Illicit with Unspecified Market Variant) is subsequently calculated by subtracting this estimate of Non-Domestic Legal Inflows from total Non-Domestic Inflows.
- In addition, Consumer Survey data were used to incorporate estimates of illicit Inflows of loose tobacco in Australia and New Zealand.³
- Domestic Illicit Consumption is identified primarily through the use of retail audits where relevant. In addition, this Report supplements the analysis for Indonesia with estimates of Domestic Illicit Incidence from Satriawan et al. (2018) in order to capture information on packs with the incorrect Excise Tax stamp attached.⁴
- Finally, the Tax Loss associated with Illicit Consumption in each market was calculated using the data on market prices, and the prevailing average tax rates and structures for 2017. For those markets where the fiscal year differs from the calendar year, fiscal year data were adapted to be presented on a calendar year basis for presentation at the aggregate level. The Report focuses on the impact of indirect taxation only.
- Throughout this Report, figures presented in tables and charts may not add up due to rounding.

¹Empty Pack Surveys are conducted by independent research companies and commissioned by PM or jointly by several tobacco manufacturers. This Report only considers Outflows to other markets included in the Asia Illicit Tobacco Indicator Report and therefore the figures presented may underestimate total Outflows from each market. See Report methodology for more details.

²For those markets with a presence of Domestic Illicit, the Non-Domestic Share obtained from Empty Pack Surveys (which is a Total Consumption estimate) is applied to estimates of Legal Domestic Consumption plus Domestic Illicit.

³It is recognised that illicit tobacco originates from both Non-Domestic and Domestic home-grown sources; however it is not possible to separate the two, and therefore for the purposes of this Report we consider all illicit loose tobacco volumes in Australia and New Zealand to be of Non-Domestic origin.

⁴Satriawan et al. Economics and Business Research and Development Agency (EBReDA), Universitas Gadjah Mada, Yogyakarta, Indonesia. Unpublished Report, 2018.

Glossary of terms

ASEAN Association of South East Asian Nations, consisting of Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam.

BAT British American Tobacco.

bn Billion.

Bootlegging Small-scale Contraband.

Chop-chop Illicit unbranded loose tobacco consumed in Australia.

CIF Cost, Insurance, and Freight.

C&C Counterfeit and Contraband.

Contraband (CB) Genuine product that has been bought in a low-tax market and which exceeds the legal border limits, or is acquired without payment of taxes for export purposes to be illegally re-sold (for financial profit) in a higher-priced market. There are generally two types of Contraband: Bootlegging and wholesale smuggling.

Counterfeit (CF) Cigarettes that are illegally manufactured and sold without permission of the trademark rights holder.

CPI Consumer Price Index.

Domestic Illicit Cigarettes that are legally produced by trademark rights holder to be illegally sold and consumed in the same market.

Duty-Free (DF) Purchases made outside the domestic market that have no state, local, or provincial taxes, import duties, or any other type of taxation added, and are subject to purchase volume restrictions.

Earmarked Tax Taxes whose revenues are reserved for a specific group or use.

EPS Empty Pack Surveys. Independent research agencies collect empty cigarette packs discarded by smokers in public places and record brands and Market Variants.

Excise Tax An indirect tax on the consumption of certain goods. Excise Taxes on cigarettes can be either specific, i.e., expressed as a monetary amount per quantity/weight of the product; ad valorem, i.e., expressed as a proportion of the value of a product; or a combination of both. For the purpose of this Report, Earmarked Taxes levied on cigarettes are also considered as an Excise Tax.

FCTC The WHO Framework Convention on Tobacco Control.

FOB Free on Board.

GST General Sales Tax (Goods and Services Tax in Australia), a tax levied on goods and services transactions.

Illicit Consumption Consumption of Non-Domestic Illicit (Counterfeit, Contraband, and Non-Domestic with Unspecified Market Variant cigarettes) and Domestic Illicit cigarettes or loose tobacco. Typically, taxes applicable in the market where illicit cigarettes/tobacco are consumed are not paid.

Illicit Whites Cigarettes that are usually produced legally in one market, primarily for smuggling. While they may also be exported legally from some countries, they are smuggled across borders during their transit to the final market of sale where they have no legal distribution and are sold without payment of tax.

In-Market Sales (IMS) Primary source of Legal Domestic Sales volumes.

Inflows/Outflows Inflows of Non-Domestic product into a market/ Outflows of product from a market.

IT Illicit Trade.

IT Flows Model Developed for this Report to estimate Illicit Consumption in markets and trade flows between markets.

ITIC International Tax and Investment Center.

JTI Japan Tobacco International.

JT Japan Tobacco.

Legal Domestic Consumption (LDC) Legal Domestic Sales net of Outflows.

Legal Domestic Sales (LDS) Sales of genuine domestic tax-paid product through legitimate, domestic channels.

Market Variant Term used to designate the market in which a pack of cigarettes was initially intended to be sold. To be sold in a given market, a pack has to bear the required labelling (e.g., health warning) and potentially a tax stamp or a banderol. The EPS methodology (or, e.g., that of pack swap surveys) estimate the incidence of packs by Market Variant. As such, packs that do not bear the health warning and/or stamp required in the given market are considered Non-Domestic.

Most Sold Brand Cigarette brand variant with the largest annual legal sales volume in a given market.

mn Million.

Non-Domestic Illicit Counterfeit, Contraband, and imports of other illicit cigarettes.

Non-Domestic (ND) Product that was not originally intended for the market in which it is consumed.

Non-Domestic Legal (NDL) Product that is brought into the market legally by consumers, such as during a cross-border trip.

OE Oxford Economics.

OE Tourism Model A comprehensive data set of tourism metrics covering 190 countries and 20 years of detailed historical data.

OECD The Organisation for Economic Co-operation and Development.

OTP Other Tobacco Products, which are tobacco products other than manufactured cigarettes. These include "roll-your-own"/"make-your-own," i.e., loose tobacco for the purpose of hand rolling or tubing (including Chop-chop in Australia), cigars and cigarillos, and smokeless tobacco products.

PM Philip Morris International.

pp Percentage points.

Relative Income Price (RIP) The proportion of nominal per capita income needed to purchase 100 cigarette packs.

RYO Roll-Your-Own.

Smoking Prevalence The percentage of smokers in the total adult population.

Tax Loss Government revenues that are lost due to tobacco tax (Excise Tax, including Earmarked Taxes, and VAT/GST/sales tax) that is not paid on illicit cigarettes. Import duties were not considered in the Tax Loss estimates.

tn Trillion.

Total Consumption Total Consumption of legal and illicit cigarettes in a market or 17 markets included in this Report.

UN The United Nations.

Unspecified Market Variant Unspecified Market Variant refers to cigarette packs that do not bear specific market labelling or Duty-Free labelling. The intended market is not known.

UNWTO The World Tourism Organisation.

VAT Value-Added Tax.

WHO World Health Organisation.

Executive Summary: Total Consumption

Total Consumption across the 16 markets included in this Report was estimated at 795.2 billion cigarettes in 2017. Total Consumption consists of:

Legal Domestic Consumption

- After adjusting the volume of Legal Domestic Sales for Outflows of cigarettes to other markets included in this Report, Legal Domestic Consumption amounted to an estimated 674.2 billion cigarettes in 2017, equivalent to 84.8% of Total Consumption.

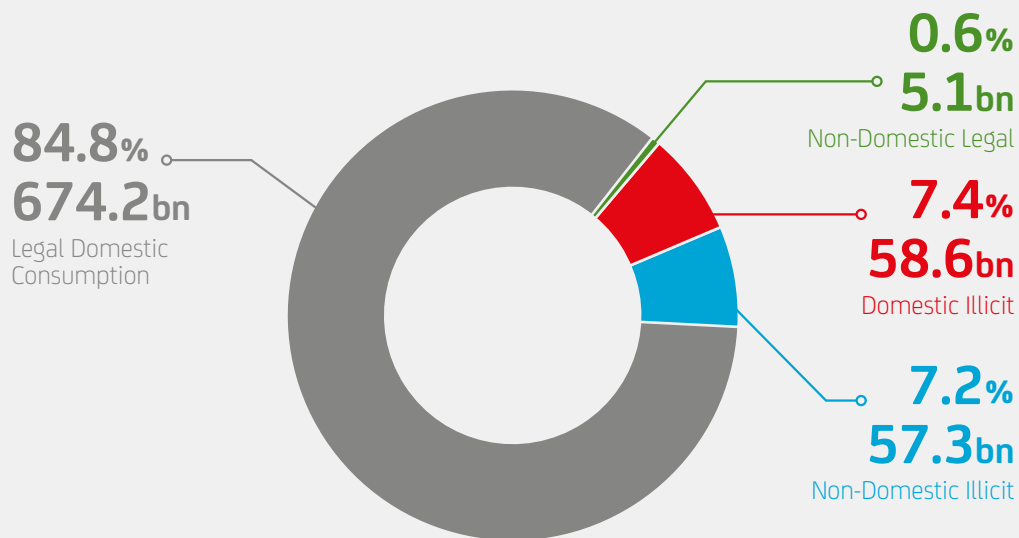
Non-Domestic Legal

- Consumption of Non-Domestic Legal amounted to 5.1 billion cigarettes (0.6% of Total Consumption). South Korea, Malaysia, and Vietnam were the largest three markets in terms of Non-Domestic Legal Consumption, representing over 50% of total legal Inflows in 2017.

Illicit Consumption

- 115.9 billion illicit cigarettes were consumed in 2017, consisting of both Non-Domestic and Domestic Illicit, equivalent to an estimated 14.6% of Total Consumption.¹

Composition of cigarette consumption 2017



Source: Oxford Economics

¹Non-Domestic Illicit includes Australian Chop-chop (unbranded loose tobacco) and Illicit RYO in New Zealand. It is recognised that both Chop-chop and illicit RYO originate from both Non-Domestic and Domestic home-grown sources; however it is not possible to separate the two, and therefore for the purposes of this Report we consider all Chop-chop and illicit RYO volumes to be of Non-Domestic origin.

Executive Summary:

Map of Asia Illicit Tobacco Indicator markets



Executive Summary:

Illicit Consumption

Illicit Incidence in 2017 was estimated at 14.6% across the 16 markets covered by the Asia Illicit Tobacco Indicator. This is equivalent to 115.9 billion cigarettes where the applicable indirect taxes were not paid.

The volume of illicit cigarettes consumed fell in comparison with 2016, underpinned by a decline in Illicit Consumption in three of the largest markets (Indonesia, Pakistan, and Philippines), as well as a reduction in Total Consumption. However, in total 12 out of the 16 markets covered by the Asia Illicit Tobacco Indicator experienced an increase in Illicit Incidence in 2017.

- More than 76% of all illicit cigarettes were consumed in three markets: Pakistan (32.6 billion), Indonesia (31.4 billion), and Vietnam (24.3 billion).
- In Indonesia, Illicit Consumption declined by 22.2% to 31.4 billion cigarettes in 2017, coinciding with a pick-up in enforcement and monitoring activities by the Customs and Excise department. Illicit Incidence declined to 9.7%, down from 12.2% in 2016, with the government targeting a rate below 4% in the future.¹
- Pakistan became the highest-ranked market by volume of illicit cigarettes consumed in 2017, despite showing a 14% decline in Illicit Consumption, supported by the implementation of a series of regulatory and enforcement initiatives targeting illicit trade (such as a restructured Federal Excise Duty designed to encourage producers of illicit tobacco to formalise). In total, an estimated 32.6 billion non-tax-paid cigarettes were consumed in Pakistan in 2017, representing over one-quarter of all illicit cigarettes consumed across the 16 markets in this Report.
- Illicit Consumption rose by 9.3% in Vietnam to 24.3 billion cigarettes in 2017, equivalent to 23.4% of Total Consumption. Illicit Inflows continued to be primarily composed of Unspecified Market Variant brands such as “Jet” and “Hero”.²
- Although smaller in terms of volume, the estimated level of Illicit Incidence in Malaysia and Macao was greater than 55% in 2017. Significant growth in Contraband cigarette consumption over the last two years has underpinned an increase in Illicit Consumption in Malaysia, where an estimated 10.6 billion illicit cigarettes were consumed in 2017, up 10.7% in comparison with 2016. In Macao, where the Illicit Incidence rose to 55.7%, the highest-ranked market by incidence in the Asia Illicit Tobacco Indicator, illicit Chinese Market Variant cigarettes remained the primary contributor to total illicit inflows.
- Six more markets exhibited Illicit Incidence levels above 10%. In addition to Pakistan and Vietnam – Hong Kong (an Illicit Incidence of 28.6%), New Zealand (12.7%), Singapore (13.8%), and Australia (13.7%) were included in this category.
- In Singapore, Illicit Inflows rose by 21.0% in 2017 to 450 million cigarettes, driven by rising consumption of illicit cigarettes originating from Malaysia and Indonesia. Illicit Consumption was relatively stable in Hong Kong, consistent with the trend evident over the last four years.
- In Australia, Illicit Consumption declined by 8.1% to 2.7 billion cigarettes (or cigarette equivalents), driven by a 21.9% fall in consumption of Chop-chop (underpinned by a consumer survey which reported declines in both average frequency and average volume of Chop-chop purchases in comparison with 2016), which more than offset an increase in Inflows of Non-Domestic Illicit cigarettes. By contrast, Illicit Consumption rose by 43.6% to 349 million cigarettes in New Zealand, underpinned by a sharp rise in illicit cigarette consumption.
- In total 12 markets experienced an increase in Illicit Consumption in 2017 (based on Illicit Incidence) – Australia, Cambodia, Hong Kong, Macao, Malaysia, Myanmar, New Zealand, Singapore, South Korea, Taiwan, Thailand, and Vietnam.
- Of the remaining four markets, Philippines experienced the sharpest decline in Illicit Consumption (-51.8%), following a fall in Domestic Illicit after the high-profile indictment of Mighty Corporation for tax fraud.³

¹See <https://republika.co.id/berita/ekonomi/korporasi/18/08/02/pctqb1383-sri-mulyani-jumlah-rokok-ilegal-turun-drastis>.

²Unspecified Market Variant refers to cigarette packs that do not bear specific market labelling or Duty-Free labelling. As such the intended market is not known.

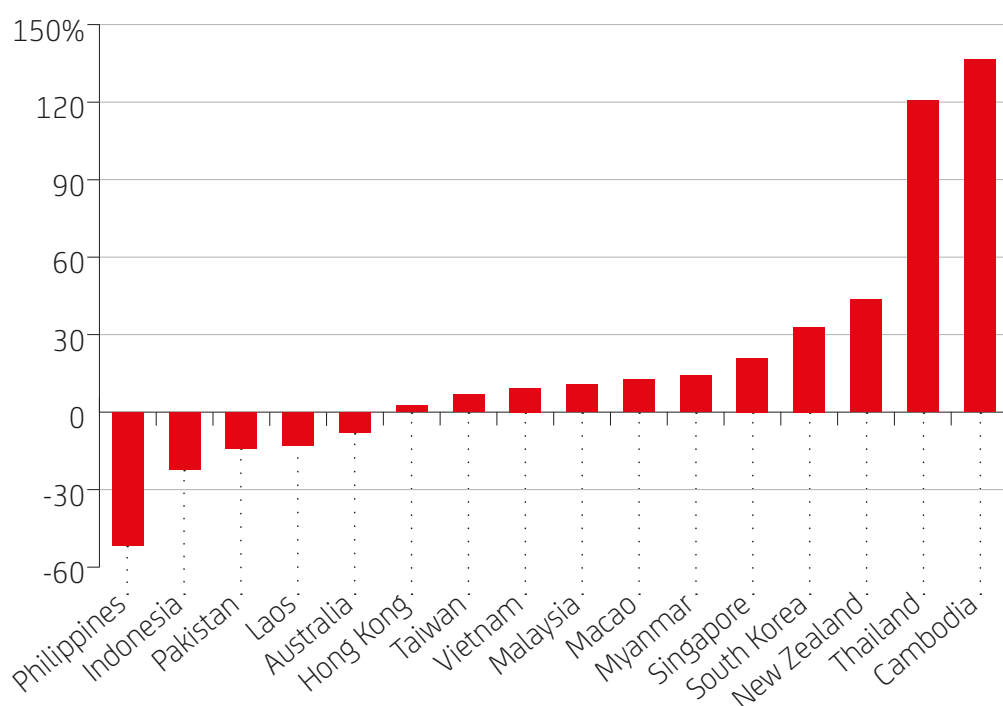
³See <https://www.dof.gov.ph/index.php/p30-b-haul-from-mighty-tops-dof-drive-vs-tax-fraud/>

Executive Summary: Illicit Consumption

Composition of cigarette consumption in 16 Asian markets

	2017	
	Cigarettes bn	%
Legal Domestic Consumption (LDC)	674.2	84.8
Legal Domestic Sales (LDS)	675.6	—
Outflows of domestic duty-paid cigarettes	-1.4	—
Total Non-Domestic Inflows (ND)	62.4	7.8
Non-Domestic Legal (NDL)	5.1	0.6
Non-Domestic Illicit	57.3	7.3
Domestic Illicit	58.6	7.4
Total Consumption	795.2	100.0
Total Illicit Consumption	115.9	14.6

Change in illicit volumes consumed 2017 vs. 2016



Source: Oxford Economics

Executive Summary:

Composition of Illicit Consumption

Illicit Consumption is composed of domestically manufactured non-tax-paid cigarettes (Domestic Illicit) and non-domestic cigarettes that are not originally intended for the market of final retail and where the applicable tax has not been paid (Non-Domestic Illicit).¹ The split between the two categories was close to 50:50 in 2017 across the 16 markets in this Report.

• **Non-Domestic Illicit** – The total estimated consumption of Non-Domestic Illicit cigarettes was 57.3 billion in 2017.

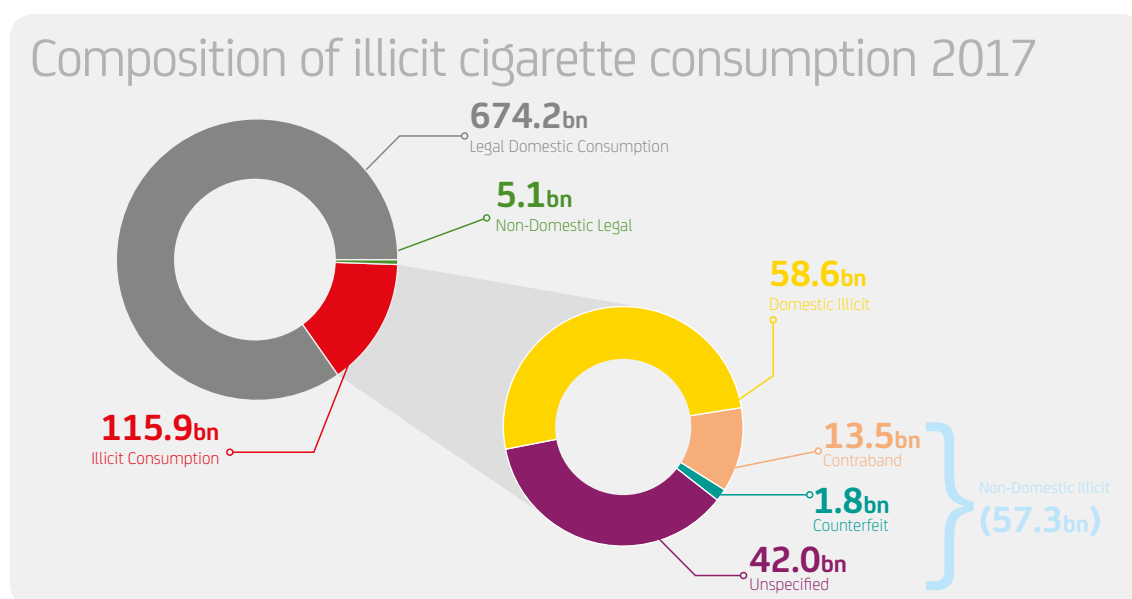
It is composed of Unspecified Market Variant, Contraband, and Counterfeit cigarettes:

• **Non-Domestic Illicit with Unspecified Market Variant** – Non-Domestic Illicit Inflows are primarily composed of Unspecified Market Variant products, accounting for over 73% of total Non-Domestic Illicit Consumption in 2017. Over 85% of Unspecified Market Variant cigarettes were identified in Vietnam, Malaysia, and Pakistan, with an estimated 19.1 billion in Vietnam alone. Myanmar and Singapore were the only markets with zero Unspecified Market Variant Inflows identified in 2017. The top Unspecified Market Variant brands identified in 2017 include “Jet”, “Pine”, and “John”. For the purposes of this Report, the cigarette equivalent volume of consumption of unbranded loose tobacco (Chop-chop) in Australia and illicit RYO in New Zealand are designated as Unspecified Market Variant.¹

• **Contraband** – Contraband cigarettes were identified in most markets in 2017, accounting for nearly one-quarter of total Non-Domestic Illicit Inflows. The largest volume was identified in Vietnam, where an estimated 5.2 billion Contraband cigarettes were consumed. Hong Kong, Pakistan, South Korea, and Thailand also saw consumption of Contraband in excess of 1 billion cigarettes in 2017. In five markets, Contraband accounted for more than 90% of Total Illicit Consumption: Macao, Myanmar, New Zealand, Singapore, and South Korea.

• **Counterfeit**² – Counterfeit was the smallest component of identified Non-Domestic Inflows in 2017, representing just 3.2% of total Non-Domestic Illicit Consumption across the 16 markets in this Report. Over 92% of Counterfeit cigarettes were identified in the Philippines. Counterfeit cigarettes were also present in Australia, Cambodia, Hong Kong, Malaysia, New Zealand, Singapore, and Thailand.

• **Domestic Illicit (under declaration)** – The total estimated consumption of domestically manufactured non-tax-paid cigarettes was 58.6 billion cigarettes in 2017. Domestic Illicit cigarettes were identified in three markets: Indonesia, Pakistan, and Philippines, with all three markets experiencing a decline in consumption in 2017, supported by an improved regulatory and enforcement landscape. Indonesia accounted for the largest volume at 30.9 billion cigarettes, while in Pakistan, an estimated 24.2 billion Domestic Illicit cigarettes were consumed in 2017. However, Domestic Illicit Consumption represented a much higher share of Total Consumption in Pakistan, equivalent to nearly one-in-three cigarettes consumed as opposed to one-in-ten in Indonesia. Philippines experienced the sharpest decline in Domestic Illicit following the indictment of Mighty Corporation for tax fraud,³ with the volume of Domestic Illicit falling by nearly two-thirds to 3.6 billion cigarettes.



Source: Oxford Economics

¹It is recognised that both Chop-chop and illicit RYO originate from both Non-Domestic and Domestic home-grown sources; however it is not possible to separate the two, and therefore for the purposes of this Report we consider all Chop-chop and illicit RYO volumes to be of Non-Domestic origin. A conversion rate of 0.775 grams per cigarette in Australia and 0.7 grams per cigarette in New Zealand were applied to convert loose tobacco into cigarettes equivalents, based on the rates applied by the Australian Tax Office and the New Zealand Ministry of Health respectively.

²Note that Counterfeit estimates are derived solely from Empty Pack Surveys (and a consumer survey in Taiwan). Packs of PM brands were analysed for authenticity in all the markets, whereas packs of other participating companies were also analysed in Australia, Hong Kong, Malaysia, New Zealand, Singapore, and Taiwan. As such, Total Counterfeit volumes could be underestimated as the analysis only includes those identified by participating companies.

³See <https://www.dof.gov.ph/index.php/p30-b-haul-from-mighty-tops-dof-drive-vs-tax-fraud/>.

Executive Summary: Government Finances¹

The total Tax Loss across the 16 Asia Illicit Tobacco Indicator markets was estimated at USD 5.8 billion in 2017.

- Nearly 50% of the estimated Tax Loss occurred in just two markets: Australia and Malaysia. In both cases, the Tax Loss was more than USD 1.0 billion in 2017.
- In Australia, the Tax Loss rose by 4.2% to nearly USD 1.5 billion. This occurred against a backdrop of an 8.1% decline in the volume of illicit cigarettes (or cigarette equivalents) consumed, with rising Excise Tax rates again more than offsetting the decline in Illicit Consumption, consistent with the trend over the last three years.
- In Malaysia, the increase in Tax Loss to USD 1.1 billion was proportional to the increase in Illicit Consumption, following no change to the applicable single-rate, unit-specific Excise Tax rate after it was last increased in November 2015.
- Indonesia was the third largest market in terms of the estimated Tax Loss, with nearly USD 1.0 billion of government revenues forgone due to Illicit Consumption in 2017. The Tax Loss rose by 3.5% in comparison with 2016, despite a notable decline in Domestic Illicit Consumption, underpinned by higher Excise Tax rates.
- A further ten markets experienced a rise in Tax Loss in 2017: Cambodia, Hong Kong, Macao, Myanmar, New Zealand, Singapore, South Korea, Taiwan, Thailand, and Vietnam. In each case, the increase was primarily driven by rising Illicit Consumption, although tax rates were also increased in Cambodia, Myanmar, New Zealand, Taiwan, and Thailand.
- The estimated Tax Loss declined in three markets in 2017: Laos, Pakistan, and Philippines.
- In Pakistan, the 38.6% decline in Tax Loss to USD 497 million was driven by a restructuring of the Federal Excise Duty. A new third low-tax tier was introduced in July 2017 in an attempt to encourage producers of illicit tobacco to formalise and become better regulated. This not only supported a decline in Domestic Illicit Consumption, but also reduced the weighted-average tax rate, as many cigarette brands (including the Most Sold Brand) were reclassified into this new tax tier.
- In Philippines, the Tax Loss declined by nearly 50%, underpinned by a sharp decline in Domestic Illicit Consumption following a successful crackdown on Domestic Illicit tobacco manufacturers from authorities. As such, the sharp decline in Domestic Illicit Consumption more than offset an increase in Excise Tax rates.

¹Estimates presented here are based on a calendar year basis, and therefore may differ from those presented in the individual market reports, which are based on fiscal year data (where applicable). Growth rates are based on differences in the Tax Loss expressed in local currency to avoid any changes related to foreign exchange movements. The Report focuses on the impact of indirect taxation only (Excise, Earmarked, and Sales Taxes).

Executive Summary: Dashboard

% Total Consumption unless otherwise stated		Legal Domestic Sales (LDS)	Outflows of domestic duty-paid cigarettes	Legal Domestic Consumption (LDC)	Total Non-Domestic Inflows (ND)	Non-Domestic Legal (NDL)	Non-Domestic Illicit	Contraband
Total	2017	85.0	-0.2	84.8	7.8	0.6	7.2	1.7
Australia ¹	2017	86.3	-0.4	85.9	14.1	0.4	13.7	4.7
	2016	86.3	-0.3	85.9	14.1	0.5	13.5	4.3
	2015	85.7	-0.3	85.4	14.6	0.6	14.0	5.5
	2014	85.3	0.0	85.3	14.7	0.5	14.2	5.8
	2013	86.4	0.0	86.4	13.6	0.4	13.1	5.1
	2012	88.5	0.0	88.5	11.5	0.4	11.1	2.5
Brunei	2017	-	-	-	-	-	-	-
	2016	-	-	-	-	-	-	-
	2015	0.0	0.0	0.0	100.0	0.0	100.0	22.7
	2014	0.1	0.0	0.1	99.9	0.0	99.9	0.0
	2013	2.4	0.0	2.4	97.6	0.0	97.6	22.0
	2012	10.3	0.0	10.3	89.7	0.0	89.7	20.2
Cambodia	2017	94.1	-0.9	93.2	6.8	0.7	6.1	0.8
	2016	107.1	-10.0	97.0	3.0	0.0	3.0	0.0
	2015	101.4	-9.0	92.3	7.7	0.9	6.8	0.9
	2014	99.2	-4.6	94.6	5.4	0.3	5.0	0.2
	2013	100.4	-5.8	94.6	5.4	0.5	4.9	0.0
	2012	-	-	-	-	-	-	-
Hong Kong	2017	65.4	-1.2	64.2	35.8	7.2	28.6	25.2
	2016	65.7	-0.4	65.3	34.7	7.2	27.5	24.3
	2015	64.5	-1.6	62.8	37.2	8.0	29.1	26.1
	2014	66.2	-2.5	63.7	36.3	8.3	28.0	25.3
	2013	58.6	0.0	58.6	41.4	7.9	33.6	28.4
	2012	56.8	-0.1	56.7	43.3	7.4	35.9	28.6
Indonesia	2017	90.3	-0.1	90.2	0.2	0.1	0.2	0.0
	2016	87.9	-0.1	87.8	0.1	0.1	0.0	0.0
	2015	88.0	-0.1	87.8	0.2	0.2	0.1	0.0
	2014	88.1	-0.1	88.0	0.3	0.2	0.1	0.1
	2013	89.4	-0.2	89.3	0.7	0.2	0.5	0.5
	2012	91.5	-0.2	91.3	0.3	0.2	0.1	0.0
Laos	2017	90.3	-3.5	86.7	13.3	3.7	9.6	4.6
	2016	88.9	-3.8	85.1	14.9	3.8	11.1	3.7
	2015	74.2	-0.4	73.8	26.2	7.2	19.0	13.2
	2014	82.6	-0.3	82.3	17.7	8.9	8.8	6.6
	2013	82.7	-0.3	82.3	17.7	8.2	9.5	7.0
	2012	-	-	-	-	-	-	-



Increasing trend from previous year



Declining trend from previous year

¹Chop-chop (Australia) and Illicit RYO (New Zealand) included as "Non-Domestic with Unspecified Market Variant".

% Total Consumption unless otherwise stated		Counterfeit	Non-Domestic with Unspecified Market Variant	Domestic Illicit	Total Illicit Consumption	Total Consumption (cigarettes bn)	Tax Loss ³ (USD mn)
Total	2017	0.2	5.3	7.4	14.6	795.2	5,783
Australia ²	2017	0.3	8.7	0.0	13.7	19.7	1,470
	2016	0.3	9.0	0.0	13.5	21.6	1,369
	2015	0.2	8.3	0.0	14.0	22.4	1,326
	2014	0.0	8.3	0.0	14.2	23.3	1,423
	2013	0.8	7.2	0.0	13.1	24.9	1,293
	2012	0.3	8.3	0.0	11.1	24.9	1,150
Brunei	2017	-	-	-	-	-	-
	2016	-	-	-	-	-	-
	2015	0.0	77.3	0.0	100.0	0.3	60
	2014	0.0	99.9	0.0	99.9	0.3	63
	2013	0.0	75.6	0.0	97.6	0.3	62
	2012	0.0	69.6	0.0	89.7	0.4	63
Cambodia	2017	0.0	5.3	0.0	6.1	9.4	3.3
	2016	0.0	3.0	0.0	3.0	8.0	1.0
	2015	0.0	5.9	0.0	6.8	8.5	2.1
	2014	0.0	4.9	0.0	5.0	8.5	1.4
	2013	0.0	4.9	0.0	4.9	8.2	1.2
	2012	-	-	-	-	-	-
Hong Kong	2017	0.7	2.6	0.0	28.6	5.0	350
	2016	0.8	2.3	0.0	27.5	5.1	342
	2015	1.1	1.9	0.0	29.1	5.1	363
	2014	1.8	1.0	0.0	28.0	4.8	315
	2013	2.9	2.3	0.0	33.6	5.4	395
	2012	4.0	3.2	0.0	35.9	5.1	405
Indonesia	2017	0.0	0.1	9.6	9.7	322.1	997
	2016	0.0	0.0	12.1	12.2	331.9	969
	2015	0.0	0.1	11.9	12.0	334.1	811
	2014	0.0	0.0	11.7	11.8	325.3	700
	2013	0.0	0.0	10.1	10.6	318.9	582
	2012	0.1	0.0	8.5	8.6	310.0	395
Laos	2017	0.0	5.0	0.0	9.6	3.0	4.1
	2016	0.1	7.3	0.0	11.1	3.0	4.9
	2015	0.1	5.7	0.0	19.0	3.4	5.8
	2014	0.7	1.5	0.0	8.8	3.0	2.3
	2013	0.7	1.8	0.0	9.5	2.9	2.4
	2012	-	-	-	-	-	-



Increasing trend from previous year



Declining trend from previous year

³Chop-chop (Australia) and Illicit RYO (New Zealand) included as "Non-Domestic with Unspecified Market Variant". Based on calendar year.

Executive Summary: Dashboard

% Total Consumption unless otherwise stated		Legal Domestic Sales (LDS)	Outflows of domestic duty-paid cigarettes	Legal Domestic Consumption (LDC)	Total Non-Domestic Inflows (ND)	Non-Domestic Legal (NDL)	Non-Domestic Illicit	Contraband
Total	2017	85.0	-0.2	84.8	7.8	0.6	7.2	1.7
Macao	2017	31.1	-2.0	29.1	70.9	15.2	55.7	52.6
	2016	39.7	-2.7	36.9	63.1	13.9	49.1	46.1
	2015	56.5	-2.6	53.9	46.1	18.1	28.0	26.8
	2014	50.9	-2.2	48.6	51.4	16.8	34.5	29.4
	2013	-	-	-	-	-	-	-
	2012	-	-	-	-	-	-	-
Malaysia	2017	40.3	-0.9	39.3	60.7	5.1	55.5	0.0
	2016	45.8	-0.9	45.0	55.0	2.7	52.3	0.0
	2015	62.7	-1.2	61.6	38.4	1.5	36.9	0.0
	2014	64.3	-1.1	63.2	36.8	3.1	33.7	0.0
	2013	61.3	-1.0	60.3	39.7	4.1	35.6	0.0
	2012	63.5	-0.9	62.4	37.6	3.1	34.3	0.0
Myanmar	2017	99.8	-1.2	98.6	1.4	0.8	0.6	0.6
	2016	98.9	-0.2	98.7	1.3	0.8	0.5	0.4
	2015	97.9	-0.3	97.6	2.4	1.9	0.6	0.3
	2014	96.3	0.0	96.3	3.7	2.4	1.3	0.9
	2013	76.3	0.0	76.3	23.7	1.7	22.0	14.8
	2012	-	-	-	-	-	-	-
New Zealand ⁴	2017	86.8	-0.8	86.1	13.9	1.2	12.7	11.8
	2016	93.4	-3.4	90.1	9.9	0.9	9.0	6.7
	2015	99.5	-5.9	93.6	6.4	1.1	5.2	4.8
	2014	-	-	-	-	-	-	-
	2013	-	-	-	-	-	-	-
	2012	-	-	-	-	-	-	-
Pakistan	2017	58.0	-0.0	58.0	11.0	0.1	10.9	1.6
	2016	56.2	-0.0	56.2	12.4	0.1	12.3	0.9
	2015	68.6	-0.0	68.6	7.2	0.1	7.1	1.1
	2014	74.6	-0.0	74.6	4.3	0.1	4.2	0.5
	2013	77.2	-0.0	77.1	4.3	0.1	4.2	0.4
	2012	74.5	-0.0	74.4	3.7	0.2	3.5	0.5
Philippines	2017	93.4	-0.0	93.4	2.2	0.1	2.1	0.0
	2016	87.0	-0.1	86.9	1.3	0.1	1.2	0.0
	2015	86.4	-0.2	86.2	1.9	0.4	1.5	0.1
	2014	80.5	-0.1	80.4	1.0	0.1	0.9	0.0
	2013	81.8	-0.1	81.8	2.0	0.1	1.8	0.0
	2012	94.0	-0.1	94.0	0.4	0.1	0.3	0.0



Increasing trend from previous year



Declining trend from previous year

⁴Chop-chop (Australia) and Illicit RYO (New Zealand) included as "Non-Domestic with Unspecified Market Variant".

% Total Consumption unless otherwise stated		Counterfeit	Non-Domestic with Unspecified Market Variant	Domestic Illicit	Total Illicit Consumption	Total Consumption (cigarettes bn)	Tax Loss ⁶ (USD mn)
Total	2017	0.2	5.3	7.4	14.6	795.2	5,783
Macao	2017	0.0	3.1	0.0	55.7	0.7	76
	2016	0.0	3.0	0.0	49.1	0.7	68
	2015	0.1	1.1	0.0	28.0	0.8	26
	2014	0.9	4.2	0.0	34.5	1.1	23
	2013	-	-	-	-	-	-
	2012	-	-	-	-	-	-
Malaysia	2017	0.0	55.5	0.0	55.5	19.1	1,097
	2016	0.0	52.3	0.0	52.3	18.3	1,028
	2015	0.0	36.9	0.0	36.9	17.8	562
	2014	0.0	33.7	0.0	33.7	19.9	577
	2013	0.0	35.6	0.0	35.6	21.9	624
	2012	0.0	34.5	0.0	34.3	22.9	622
Myanmar	2017	0.0	0.0	0.0	0.6	8.2	0.6
	2016	0.0	0.1	0.0	0.5	8.6	0.4
	2015	0.1	0.2	0.0	0.6	9.1	0.4
	2014	0.0	0.3	0.0	1.3	9.1	0.7
	2013	0.2	7.1	0.0	22.0	10.4	13.9
	2012	-	-	-	-	-	-
New Zealand ⁵	2017	0.1	0.8	0.0	12.7	2.8	221
	2016	0.0	2.3	0.0	9.0	2.7	128
	2015	0.0	0.4	0.0	5.2	2.6	70
	2014	-	-	-	-	-	-
	2013	-	-	-	-	-	-
	2012	-	-	-	-	-	-
Pakistan	2017	0.0	9.3	31.1	41.9	77.8	497
	2016	0.0	11.4	31.5	43.7	86.7	816
	2015	0.0	6.0	24.2	31.3	86.0	481
	2014	0.1	3.6	21.1	25.2	84.0	316
	2013	0.1	3.7	18.6	22.8	82.6	230
	2012	0.0	3.0	21.9	25.3	86.0	261
Philippines	2017	2.1	0.0	4.4	6.5	80.8	186
	2016	1.2	0.1	11.8	13.1	83.9	367
	2015	1.4	0.0	12.0	13.5	96.7	394
	2014	0.7	0.1	18.6	19.4	102.3	506
	2013	1.8	0.1	16.3	18.1	105.5	368
	2012	0.2	0.1	5.6	5.9	108.7	62



Increasing trend from previous year



Declining trend from previous year

⁵Chop-chop (Australia) and Illicit RYO (New Zealand) included as "Non-Domestic with Unspecified Market Variant".

⁶Based on calendar year.

Executive Summary: Dashboard

% Total Consumption unless otherwise stated		Legal Domestic Sales (LDS)	Outflows of domestic duty-paid cigarettes	Legal Domestic Consumption (LDC)	Total Non-Domestic Inflows (ND)	Non-Domestic Legal (NDL)	Non-Domestic Illicit	Contraband
Total	2017	85.0	-0.2	84.8	7.8	0.6	7.2	1.7
Singapore	2017	86.9	-0.7	86.2	13.8	0.0	13.8	13.7
	2016	88.9	-0.8	88.0	12.0	0.0	12.0	11.4
	2015	86.1	-0.5	85.6	14.4	0.0	14.4	14.3
	2014	86.0	-0.7	85.4	14.6	0.0	14.6	13.4
	2013	80.4	-0.1	80.4	19.6	0.0	19.6	18.7
	2012	74.4	0.0	74.4	25.6	0.0	25.6	24.2
South Korea	2017	96.4	-0.2	96.2	3.8	1.6	2.2	2.1
	2016	97.1	-0.2	96.9	3.1	1.5	1.5	1.3
	2015	97.8	-0.3	97.5	2.5	1.6	0.9	0.8
	2014	100.0	-0.5	99.5	0.5	0.3	0.1	0.1
	2013	-	-	-	-	-	-	-
	2012	-	-	-	-	-	-	-
Taiwan	2017	92.0	-0.1	91.9	8.1	2.0	6.2	2.3
	2016	93.2	-0.1	93.2	6.8	1.4	5.5	1.0
	2015	93.5	-0.1	93.4	6.6	1.3	5.3	1.8
	2014	91.8	-0.1	91.7	8.3	1.9	6.4	2.1
	2013	89.7	-0.0	89.7	10.3	1.6	8.7	4.6
	2012	89.9	-0.0	89.9	10.1	2.4	7.7	2.9
Thailand	2017	93.5	-0.1	93.4	6.6	1.1	5.5	3.4
	2016	97.2	-0.1	97.1	2.9	0.4	2.5	1.4
	2015	97.7	-0.1	97.6	2.4	0.5	1.9	1.3
	2014	99.2	-0.2	99.0	1.0	0.3	0.7	0.4
	2013	96.5	-0.1	96.4	3.6	1.3	2.3	0.4
	2012	95.7	-0.0	95.7	4.3	1.4	2.9	0.7
Vietnam	2017	76.0	-0.1	75.9	24.1	0.7	23.4	5.0
	2016	77.1	-0.1	76.9	23.1	0.9	22.2	2.1
	2015	76.2	-0.3	76.0	24.0	0.8	23.3	2.7
	2014	77.4	-0.2	77.2	22.8	0.8	22.0	1.8
	2013	78.8	-0.2	78.6	21.4	0.8	20.7	1.0
	2012	80.1	-0.2	80.0	20.0	0.6	19.4	0.2



Increasing trend from previous year



Declining trend from previous year

% Total Consumption unless otherwise stated		Counterfeit	Non-Domestic with Unspecified Market Variant	Domestic Illicit	Total Illicit Consumption	Total Consumption (cigarettes bn)	Tax Loss ⁷ (USD mn)
Total	2017	0.2	5.3	7.4	14.6	795.2	5,783
Singapore	2017	0.1	0.0	0.0	13.8	3.3	139
	2016	0.1	0.5	0.0	12.0	3.1	115
	2015	0.0	0.1	0.0	14.4	3.3	144
	2014	0.1	1.1	0.0	14.6	3.3	159
	2013	0.0	0.9	0.0	19.6	3.5	203
	2012	0.0	1.4	0.0	25.6	3.6	278
South Korea	2017	0.0	0.0	0.0	2.2	71.6	229
	2016	0.0	0.2	0.0	1.5	75.8	168
	2015	0.0	0.0	0.0	0.9	68.8	93
	2014	0.0	0.0	0.0	0.1	89.4	8
	2013	-	-	-	-	-	-
	2012	-	-	-	-	-	-
Taiwan	2017	0.0	3.8	0.0	6.2	34.9	136
	2016	0.0	4.5	0.0	5.5	36.7	111
	2015	0.0	3.5	0.0	5.3	35.3	104
	2014	0.0	4.4	0.0	6.4	38.2	143
	2013	0.0	4.2	0.0	8.7	39.6	205
	2012	0.0	4.8	0.0	7.7	39.5	183
Thailand	2017	0.1	2.0	0.0	5.5	33.1	141
	2016	0.6	0.6	0.0	2.5	32.9	58
	2015	0.5	0.0	0.0	1.9	38.6	48
	2014	0.2	0.0	0.0	0.7	37.6	14
	2013	0.6	1.3	0.0	2.3	39.4	56
	2012	0.6	1.6	0.0	2.9	40.5	80
Vietnam	2017	0.0	18.4	0.0	23.4	103.9	235
	2016	0.0	20.1	0.0	22.2	100.0	221
	2015	0.0	20.5	0.0	23.3	99.1	208
	2014	0.0	20.2	0.0	22.0	97.5	207
	2013	0.0	19.7	0.0	20.7	102.9	196
	2012	0.0	19.2	0.0	19.4	103.4	169



Increasing trend from previous year



Declining trend from previous year

⁷Based on calendar year.

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