

Inputs to the High-level Political Forum on Sustainable Development (HLPF) in 2024

Inputs from functional commissions of ECOSOC, other intergovernmental bodies and forums to the 2024 HLPF

Secretariat of the WHO Framework Convention on Tobacco Control and the Protocol to Eliminate Illicit Trade in Tobacco Products (the Convention Secretariat)

Impacts of multiple crises on the implementation of SDGs 1, 2, 13, 16 and 17 from the vantage point of your intergovernmental body.

Tobacco negatively impacts 67 social, economic, and environmental targets of the SDGs, including targets under SDGs 1, 2, 13, 16, and 17.1 The tobacco epidemic is further aggravated by illicit trade in tobacco products, which poses a serious threat to global public health, security and government revenues. Illicit trade increases the accessibility and affordability of tobacco products, thus fuelling the tobacco epidemic and undermining tobacco control policies. It also causes substantial losses in government revenues, and at the same time contributes to the funding of transnational criminal activities. The World Customs Organization (WCO) reports that over 3.49 billion illicit cigarettes were seized in 2019 (compared with 2.3 billion in 2018). According to available estimates, the size of the market in illicit tobacco varies between countries but amounts to around 11.6% of the global market.

The WHO FCTC, a treaty in force since 2005 and with 183 Parties, provides a framework for tobacco control measures to be implemented by Parties at the national, regional and international levels. The Protocol to Eliminate Illicit Trade in Tobacco Products (the Protocol) builds upon and complements Article 15 of the WHO FCTC, which addresses means of countering illicit trade in tobacco products, a key aspect of a comprehensive tobacco control policy. As of September 2023, five years have passed since the Protocol entered into force, and it currently has 68 Parties.

Three key areas where sustainable, resilient and innovative solutions for achieving the SDGs are being effectively delivered, especially related to the cluster of SDGs under review in 2024, bearing in mind the three dimensions of sustainable development and the interlinkages across the Goals and targets.

1. Eliminating illicit trade in tobacco products to increase government revenue (SDG 1)

Governments incur substantial financial losses due to Illicit trade in tobacco products, as customs duties and excise taxes are not collected on products that are diverted to illicit channels. Recent estimates indicate that the elimination of trade in illicit cigarettes could potentially yield annual global revenues of about US\$ 47.4 billion. The elimination of illicit trade in tobacco products through effective implementation of the Protocol could boost government revenue by billions of dollars and help eradicate extreme poverty (Target 1.1) and ensure significant mobilization of resources, especially for developing countries, to end poverty in all its dimensions (Target 1.a).

2. Countering unlawful activity to promote peace and justice and build strong institutions (SDG 16)

Illicit trade in tobacco products commonly involves criminal activity such as smuggling and money laundering, the illicit profits from which have been linked to the financing of terrorist activity. The implementation of the Protocol, particularly measures to establish specific acts as unlawful conduct or criminal offences, would counter unlawful activity, including corruption and bribery in all their forms (Target 16.5), promote the rule of law to ensure equal access to justice for all (Target 16.3), and help develop effective and accountable institutions (Target 16.6). The Protocol also intersects with the target to significantly reduce illicit financial and arms flows by 2030 and strengthen the recovery and return of stolen assets and combat all forms of organized crime (Target 16.4).

3. Harnessing international cooperation to combat illicit trade (SDG 17)

International cooperation is essential to the implementation of the Protocol and contributes to the enhancement of the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources (Target 17.16). Among the general obligations of Parties to the Protocol is to cooperate and communicate with relevant regional and international intergovernmental organizations in the secure exchange of information to promote the effective implementation of the Protocol under Article 4.1(e). The Convention Secretariat also functions to ensure necessary coordination with the competent international and regional intergovernmental organizations and other bodies, under the guidance of the Meeting of the Parties under Article 34.2(e).

Three examples of specific actions, policies and measures that are most urgently needed to effectively deliver sustainable, resilient and innovative solutions to eradicate poverty and reinforce the 2030 Agenda, building on interlinkages and transformative pathways for achieving the SDGs.

1. Establish tracking and tracing systems: To aid in investigations of illicit trade in tobacco products, Parties to the Protocol have a time-bound obligation to establish a global tracking and tracing regime (comprised of national and regional tracking and tracing systems) within five years of entry into force of the Protocol, with a global information sharing point coordinated by the Convention Secretariat. Parties also have time-bound obligations to ensure that cigarette packages bear unique identification markings containing essential information regarding the products within five years of the Protocol entering into force for that Party; for other tobacco products, the deadline is within 10 years. (SDG 16)

2. Ensure efficient and effective administration of tobacco tax systems: As illicit trade in tobacco products undermines price and tax measures designed to strengthen tobacco control, Parties must work to ensure the efficient and effective administration of tobacco tax systems to enhance tax compliance and collection of tax revenues while reducing tax evasion and the risk of illicit trade. In addition to contributing significantly to revenue, effective tobacco taxes would significantly reduce

tobacco consumption and prevalence, particularly among young people and other vulnerable sectors of the population. (SDG 1)

3. Promote international cooperation in enforcing laws to address illicit trade in tobacco products: The Protocol requires Parties to ensure (i) mutual administrative assistance to help ensure the proper application of customs and other relevant law in the prevention, detection, investigation, prosecution and combating of illicit trade, as well as (ii) mutual legal assistance in investigations, prosecutions and judicial proceedings in relation to unlawful conduct and criminal offences established in accordance with the Protocol. (SDG 17)

Follow-up actions and measures being undertaken by your intergovernmental body or forum to support implementation of the Political Declaration of the SDG Summit.

The Convention Secretariat has collaborated with several intergovernmental organizations on work advancing implementation of the Protocol in support of the implementation of the Political Declaration of the SDG Summit. These partnerships include the following:

- a. United Nations Development Programme (UNDP): Through its FCTC 2030 project, the Convention Secretariat works with UNDP to support some low-and-middle income countries eligible for official development assistance to enhance their national capacity for intersectoral collaboration and coordination to achieve their commitments under the WHO FCTC and the Protocol. This support has led to the development of national multisectoral strategies and strengthened intersectoral engagement, including with agencies responsible for combating organized crime, to ensure policy coherence in addressing illicit trade in tobacco products. UNDP has also partnered with the Convention Secretariat to promote the importance of the Protocol to the achievement of the Sustainable Development Goals (SDGs).
- b. United Nations Office on Drugs and Crime (UNODC): The Convention Secretariat has partnered with UNODC on a pilot project to use web-scraped data to estimate and map tobacco seizure events. The results of the pilot found that web-scraped data has potential for mapping tobacco seizures and that the method could be combined with other sources of data, such as official data, to better understand illicit trade in tobacco products.
- c. United Nations International Computing Center (UNICC): The Convention Secretariat collaborated with the UNICC for the development of an interim global information sharing point (GSP), a fit-for-purpose platform launched in September 2023 that facilitates secure information exchange between Parties to the Protocol, allowing Parties to fulfil a key requirement of the Protocol with respect to the establishment of national and regional tracking and tracing systems.
- d. World Trade Organization (WTO): In 2023, the Convention Secretariat contributed to the WTO publication entitled 'International export regulations and controls: Navigating the global framework beyond WTO rules' and provided an introduction to the Protocol, as well as a discussion of how implementation by Parties of the obligations under the Protocol could have an impact on certain aspects of cross-border trade in tobacco products.

Further, at the Third Session of the Meeting of the Parties to the Protocol (MOP3) held in Panama in February 2024, the Meeting of the Parties adopted the following key decisions to support the implementation of the Protocol:

- i. Decision FCTC/MOP3(15) on Global Information Sharing Point (GSP): The MOP adopted the recommendations of the Working Group on Tracking and Tracing Systems with respect to the use of the interim GSP and invited Parties to make the best use of the GSP to support the global action to eliminate illicit trade in tobacco products. As requested by the MOP, the Convention Secretariat will continue operating the GSP as established since September 2023 with a view to ensuring efficient exchange of information between the Parties and will monitor its actual and appropriate use in accordance with the Protocol.
- ii. Decision FCTC/MOP3(16) on Road-map to conduct evidence-based research: The MOP adopted a road map to conduct evidence-based research in accordance with Articles 6.5 and 13.2 of the Protocol, which requires Parties to, respectively (i) ensure that evidence-based research is conducted to ascertain whether any key inputs exist that are essential to the manufacture of tobacco products are identifiable and can be subject to an effective control mechanism, and (ii) ascertain the extent of illicit trade in tobacco products related to duty free sales of such products. The Convention Secretariat will actively seek funding from Parties and other international donors for the implementation of the road map, and will report on the outcomes at MOP4.

Recommendations and key messages for inclusion into the Ministerial Declaration of the 2024 HLPF.

- A global tracking and tracing regime is key to securing the supply chain and curbing illicit trade in tobacco products, with the global information sharing point serving as a significant component to aid in investigations and prosecution of unlawful activity and criminal offences related to the illicit tobacco trade. (SDG 16)
- The efficient and effective administration and enforcement of tobacco tax systems is significant to increasing government revenue and promoting national security by reducing the risk of illicit trade in tobacco products. (SDG 1 and 16)
- International cooperation through mutual legal and administrative assistance in the prevention, investigation, and prosecution of unlawful activity and criminal offences is essential to the elimination of illicit trade in tobacco products. (SDG 17)