

Contraband Tobacco – The Facts (Toronto)

What is Contraband Tobacco?

- Illegal cigarettes, often referred to as contraband tobacco, are products that do not comply with Canada's tobacco regulations –specifically those regarding packaging, importation, stamping, manufacturing, distribution and taxation.
- Contraband cigarettes are typically manufactured in illegal facilities on reserves in both Canada and the US. These products are sold and distributed via 350 smoke shacks in Ontario / Quebec, which sell baggies of 200 contraband cigarettes for as little as \$10 - \$15 per baggie.

What are the negative effects of contraband on communities and youth?

- More Accessible to Young People: Contraband products are sold without age verification checks, making them far more accessible to young people to whom they are sold without mandated health warnings.
- Supports organized crime, putting communities at risk: The spread of contraband results in the growth of an underground, illegal economy. The RCMP has identified over 175 organized crime groups involved in the contraband trade. Revenue from contraband tobacco sales also support other illegal industries – most recently, the sale of contraband fuel on reserve which hurts our small businesses further. In some incidents, contraband trafficking is also accompanied by the trafficking of illegal weapons and narcotics.
- Lost Revenue for Government: Contraband products are not subject to all levels of taxation and can be purchased at a much lower cost to consumers than legal products, resulting in millions of dollars in lost revenue.

Why is it important to Toronto?

- Toronto is accessible by several 400 series highways, which serve as popular contraband tobacco routes for product moving both east, and north of the US border.
- There have been several seizures around the city including Hamilton and Mississauga, both of which would have supplied millions of dollars in contraband cigarettes to surrounding communities.
- As the largest city in the province, the draw of a large market is certainly appealing to those looking to sell contraband tobacco products. This problem that was once limited to Eastern Ontario is filtering into other parts of the province
- Our retailers, and the youth in our community, cannot afford to have a steady, unmitigated supply of contraband products flowing into Toronto.

How can we stop Contraband Tobacco?

- In the 2013 Budget, the Ontario government has introduced a variety of measures that will help in eradicating contraband tobacco, including more power for law enforcement, tougher fines for violators, and working with other jurisdictions to eliminate this serious problem. These will be enforced through adaptations to the *Tobacco Tax Act*.
- We ask that municipalities encourage the Government to implement these measures in a timely fashion so that we can address the contraband tobacco issue in Toronto and throughout our province.