



Anti-tobacco policy and the smuggled cigarettes, a hidden problem in Ecuador

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It is well known that nicotine, the active substance in tobacco products, is responsible for addiction in current smokers (1), but combustion-related toxins are responsible for the complications related to chronic consumption, i.e., cardiovascular diseases, chronic obstructive pulmonary disease (COPD), and lung cancer (2). In this sense, public policies are intended to reduce the deleterious effects of tobacco consumption based on complete cessation and prevention of new consumers (3). Therefore, the legislation focuses on increasing taxes on tobacco products, prohibiting cigarette expenditure to minors, reducing exposure to tobacco smoke in public environments, labeling tobacco-related products, and banning advertising, promotion, and sponsorship of events by tobacco companies (4).

Yearly, there are more than 7 million deaths directly related to tobacco consumption. Given the current path, by 2030, more than 8 million deaths directly related to smoke are expected (5). This impact is more significant than the 4.5 million deaths registered so far due to the COVID19 pandemic (6). Therefore, tobacco smoking is a significant public health problem on a global scale (7).

The impact of tobacco consumption on the Ecuadorian population's health quality has been established as a burden to the Health System. Nineteen people die daily with health problems related to tobacco consumption. This number means that 10% of the total deaths in Ecuador are attributable to smoking. From an economic perspective, there is an annual health expenditure due to consequences of tobacco consumption of US\$658 million. Additionally,

US\$313 are lost due to lack of productivity due to tobacco-related disease, and an additional US\$314 million are lost related to the cost of family and friends that take care of those who have health complications related to smoking (8).

Ecuador became a Party to the WHO Framework Convention on Tobacco Control on October 23, 2006. Then Ecuador ratified the Protocol to Eliminate Illicit Trade in Tobacco Products on October 15, 2015 (9). Additionally, regulation No. 1047, to implement the Tobacco Control and Regulation Act, was issued in February 2012. This last introduced provisions on smoke-free environments and tobacco advertising, promotion, and sponsorship (10). Despite the mentioned regulatory framework, marketing control continues to be a problem in Ecuador (11,12).

Tobacco consumption in Ecuador

In 1996, one-third of the population in the two major cities of Ecuador were cigarette smokers. Additionally, there was almost universal knowledge about the harmful effects of cigarette smoking on active and passive smokers (13). The national health and nutrition survey (ENSANUT-2012) conducted in Ecuador in 2011 reported that 18% of the population were current smokers, meaning that there has been a reduction in the proportion of everyday tobacco consumers (14).

In 2015, the WHO estimated current smoking prevalence among Ecuadorians aged 15 years and older was

7.4% (15). In 2017 the Ecuadorian National Institute of Statistics and Censuses (INEC) released its data on smoking prevalence over the previous 16 years: in 1998, daily smoking prevalence among persons 15 years and older was 9.5%; in 1999, 8.2%; in 2006, 5.0%; and 2014 it reached 2.8%. This data presents a clear trend to less consumption of tobacco products among the population (16). It was also reported that 8.8% of the population over 12 years old currently are current consumers throughout Ecuador. However, it is essential to state that this percentage is different in the Highlands, reaching 10.7% (16), a situation that might drive future changes in public policy.

A good measure of the impact of tobacco control regulation is the reduction in cigarette production. For instance, in 1961, Ecuador's raw tobacco production increased from 851 to 9,391 tons a year in 2016 (17), and a large part of raw tobacco was exported for cigar production. In 2005–2010, cigarette sales in Ecuador gradually decreased from 3.3 billion to 2.8 billion cigarettes, while in the 2010–2014 period, sales declined to 2.1 billion cigarettes or by 25% in 4 years. The sharpest reduction of cigarette sales was observed in 2014–2017: in 2017, according to the Euromonitor report, 915 million cigarettes were sold, which reflected a 56% reduction in 3 years (18). Moreover, estimated taxable cigarette sales in 2012–2017 combined, the number of taxed cigarettes was 9.4 billion, while the number of cigarettes sold was 10.3 billion, 0.9 billion cigarettes more. Official cigarette production in 2012–2017 was 9.6 billion cigarettes, which is also higher than the estimated number of taxed cigarettes. Probably, cigarette corporations used forestalling (in anticipation of tax increases, they increased the stock of products) starting in late 2011, when the substantial excise hike was adopted. As a result, between 2014–2018, taxable sales decreased by 65% (18).

Another important point is the refusal, led by the WHO (19), to openly discuss the use of alternatives to cigarette smoke, like electronic cigarettes (E-cigarettes), vapers, snuff, and others referred to as “non-combustion” that, although are not free of risk, significantly reduce it, under the concept of “harm reduction” (20) and are now widely used (21).

Tobacco smuggling and illegal trade

The trend in Ecuador is, as in other parts of the world, evident. Regulation to control and hinder the consumption of tobacco products is working. However, although there

is a worldwide decrease in cigarette consumption, the regulation and actions related to tobacco control lose efficacy due to the commercialization and consumption of illegal and smuggled tobacco products (21,22).

Tobacco products are distinguished by the fact that they are increasingly sold illegally all around the world. It has been estimated that fully one-third of global annual cigarette exports cannot be accounted for via legal distribution routes (23). Since 2017, the local subsidiary of Philip Morris International, got its monopoly in cigarette production in Ecuador as British American Tobacco exited the country (9). The illicit tobacco trade (ITT) is difficult to measure due to its illegality, its global and changing nature, and data collection and analysis complexities (24). Moreover, ITT products skip regulatory controls at all levels of the commercialization chain, therefore are sold at lower prices and to all kinds of public, including minors. In this sense, in Brazil (25) the excise tax implementation showed a reduction in smoking prevalence, but at the same time, an increase in illicit consumption from 32.3% in 2013 to 42.8% in 2016. Similarly, Uruguay (25) reported that a 10% price increase would increase by 4.6% the probability of consuming roll-your-own cigarettes over more expensive manufactured legal cigarettes. Another study found that illicit trade increased in Brazil, decreased in Argentina, and was largely unchanged in Chile, Colombia, and Peru despite the latter having substantial increases in tobacco excise levels or tobacco product prices during the study period (26). Moreover, for example, the permissive regulatory environment in Paraguay and enabled by market conditions created by leading transnational tobacco companies (TTCs), e.g., Tabacalera del Este, had become a major source of illicit cigarettes across Latin America and beyond by the late 2000s (26). But this happens globally, as evidence indicates that tobacco companies are failing to control their supply chain, overproducing in some markets (e.g., Ukraine) and oversupplying to others (e.g., Belgium) in the knowledge their products will end up on the illicit market (27). Even worst, historically, TTCs remained actively involved in the so-called “rampant smuggling” throughout the Middle East, Russia, Moldova, and the Balkans (27,28). In Africa, a scholarly analysis provided evidence on the TTCs knowledge of and complicity in cigarette smuggling occurring in at least 40 of 54 African countries, including countries with the largest populations (29). This adds to the evidence that the level of illicit trade is influenced by a myriad of factors and that there is no simple relationship, as claimed by the tobacco industry, that increasing tobacco

excise levels results, inevitably, in increased ITT (30). Thus, the ITT is part of the larger illegal supply chains of illegal products. Tobacco smuggling has also become one of the main strategies from the tobacco industry to argue against taxes and controls (31). However, while attention to the global business strategies of leading TTCs remains critical to global tobacco control, how non-TTCs may be working in cooperation or competition with TTCs requires fuller analysis (26). With the arrival of this illegal market, other socially unacceptable practices are promoted, such as child labor, illegal work, and drug trafficking, since many of the sellers of this type of merchandise take advantage of their legal position of selling gum, candy, and tobacco to also sell illegal drugs to children and minors, especially outside of schools (32).

A national academic report developed in Ecuador, which included surveys to tobacco consumers and litter package collection, estimated that the prevalence of illegal tobacco consumption is on average 51% of the studied population (33). This percentage is significantly less than the figures produced by the tobacco industry (34). Furthermore, from the collected samples during this study, it was estimated that 25% of illicit packs have China as their country of origin; 20% come from Colombia; 20% from Korea; 17% from Mexico; and 13% do not have legend indicating a place of origin (33). Additionally, the study showed that the brand that is extensively commercialized illegally belongs to the only multinational company. These tobacco products were legally produced and commercialized in Colombia and Mexico but illegally brought to Ecuador. For this reason, it has been argued that tobacco smuggling is a countermeasure established by big tobacco companies to secure their sales worldwide while at the same time pressuring governments to turn down health regulation and taxation (34). However, in Ecuador, even if the cigarette excise was canceled, the price of legal cigarettes would be 1.80 USD (net-of-tax price + VAT), which is 50% more than the price of smuggled cigarettes, so most smokers of illicit cigarettes would not switch to legal brands. So, the reduction of the cigarette excise tax is not a solution to the smuggling problem (9).

In this sense, from Ecuador, we see with great concern how the illegal sale of black-market cigarettes has entered with great force in the country, especially in the last four years. The commercialization of illegal tobacco products in Ecuador is evident in all spheres of economic industry. For example, illegal tobacco products are sold on the street by informal workers and small grocery stores and bars and

restaurants without any control (35). Nevertheless, the local regulatory agency implementing tobacco control policy regards illegal tobacco trade as outside its jurisdiction while other law enforcement agencies look away. We hope the new government takes this problem seriously and implements actions towards preventing tobacco smuggling (36).

To mitigate any illicit trade problem, right now the only potential tool is to follow the Protocol to Eliminate Illicit Trade in Tobacco Products and implement its provisions, including an industry-independent tracking and tracing system (TTS) to control local production and legal imports (37), but more importantly, the creation of health reforms supporting and promoting tobacco cessation will be instruments of extraordinary value in this fight (38). Currently, Ecuador's TTS, is primarily designed to minimize tax evasion associated with domestic products. The goal is to increase tax collections by identifying and tracking legal products and to provide citizens and watchdog organizations with the means to detect products of doubtful origin that can negatively impact the health of Ecuadorians (39).

In conclusion, the tobacco control policy faces several problems: the illegal sale of tobacco products is one of the most important, but not the only. Therefore, it is urgent and necessary to clarify the responsibilities and actions of the corresponding governmental and law enforcement agencies to improve control of these products and prevent new consumers. Only by responsible and coherent governance and action can we achieve that our population lives healthy and tobacco-free.

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