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EU to end anti-tobacco smuggling deal with Philip Morris

Duncan Robinson in Brussels

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The EU is to end a controversial \$1.25bn deal with Philip Morris International aimed at reducing trade in illicit cigarettes following criticism from lawmakers.

A change in smuggling trends coupled with tougher EU anti-tobacco laws that came into force this year mean that the agreements are no longer necessary, according to officials who confirmed the move.

MEPs had called on the European Commission not to renew the agreement with PMI, arguing that it was ineffective and inappropriate, particularly as the World Health Organisation's tobacco rules call for a general separation between governments and tobacco companies.

The deal came after the EU took PMI to court in the 1990s, alleging that the world's biggest tobacco company was not doing enough to stop the flow of cigarettes smuggled into the bloc.

Under the terms of the 2004 agreement, the Marlboro-maker agreed to monitor more closely illicit cigarettes — which have not had the correct duty paid on them — as well as pay a contribution to the EU.

The surprise decision not to renew the deal also puts similar agreements with [British American Tobacco](#), [Japan Tobacco](#) and [Imperial Brands](#) in doubt. But these deals do not have to be renewed until at least 2022.

The number of cigarettes seized under the scheme has dwindled in recent years. In 2014, only 14m cigarettes belonging to PMI were seized — an amount that would fit into two shipping containers. This was 85 per cent lower than 2006.

Luk Joossens, a tobacco control expert at the Association of European Cancer Leagues, welcomed the decision. “It was not worth working with industry,” he said. “There is always suspicion from other countries because the EU collaborates with industries.”

PMI, along with others in the industry, launched an unsuccessful legal challenge in the EU’s highest court against the new rules on tobacco, which require strict tracing requirements of tobacco sales and ban certain types of cigarettes.

There is always suspicion from other countries because the EU collaborates with industries

- Luk Joossens, Association of European Cancer Leagues

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Bart Staes, a Belgian MEP who had argued against the renewal, said: “With Philip Morris and others having taken an unsuccessful legal challenge against the recently-agreed EU tobacco rules, it would have been inappropriate to conclude a parallel new bilateral agreement with the industry in this context.”

PMI, which had indicated that it wanted the arrangement to continue, said: “What matters most for us is that the supply chain control measures contained within it will remain an integral part of how we do business in the EU and around the world. With or without the agreement, our commitment to fight illegal trade around the world remains intact and stronger than ever.”

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