



# REPORT: DISSEMINATION WORKSHOP ON ILLICIT TOBACCO TRADE IN NIGERIA

11/30/20

ABUJA, NIGERIA



*A group photograph of participants at the workshop*

## **BACKGROUND**

Globally, the trade in illicit tobacco products has increasingly been a source of concern for policymakers, development practitioners, and health officials owing to the adverse social and economic impact on public health, government revenue, and the financial support to criminal networks. Every year, it is estimated that some 600 billion cigarettes, representing over 10 percent of the global cigarette consumption, pass through the black market (WHO, 2015).

The pervasiveness of such trade has negative implication for society, especially developing countries who are already faced with weak fiscal capacity and health systems. It is estimated that African countries lose about €10 billion in tax, invariably increasing tobacco-induced health incidence and fatality. There is therefore broad agreement that illicit trade is bad both for government revenues and for public health—for all, except the members of the industry and criminal networks feeding on the illicit trade.

To highlight these issues and propose actionable policies, CSEA organized a workshop to disseminate our report on illicit Tobacco Trade in Nigeria as part of the research conducted for the International Development Research Centre (IDRC) on Fostering Effective Tobacco Control Policy Implementation in Nigeria. Specifically, the report highlights the impact of tax changes on illicit tobacco trade as well as cost-effective measures for curbing illicit trade on tobacco products in Nigeria.

## **INTRODUCTION**

The report dissemination workshop took place on 30th November 2020 at the Bon Hotel Stratton Abuja. The event was anchored by CSEA Research Associate Augustine Iraoya, who also gave the opening remark and brief background of the research on behalf of the Executive Director of the Centre for the Study of the Economies of Africa CSEA, Dr. Chukwuka Onyekwena.

### **FIRST SESSION: Illicit Tobacco Trade in Nigeria: Scope, Size and Effect of Recent Tobacco Tax**

In the first presentation, Dr. Adedeji Adeniran, Senior Research Fellow at CSEA, highlighted the health implications of illicit Tobacco in Nigeria. Particularly, the extent to which the policy around the tobacco industry has remained ineffective due to the significant size of illicit transactions in the sector was brought to the fore. Dr. Adedeji acknowledged that although the widely held belief, mostly put forward by the Tobacco Industry, that a tax increment will inadvertently aid the escalation of illicit tobacco trade, findings from the research shows no observable effects of recent tobacco tax on illicit trade as far as economic rational is concerned. Experience from conducting the study has also shown that there is the need for further tobacco research in Nigeria.

Furthermore, the World Health Organization (WHO)'s 75% tax benchmark if imposed, will be the most effective way of creating an apparent difference between legal and illicit tobacco and will make it easier to detect illicit transactions.

### **Panel Discussion**

In the first panel discussion, the moderator Mr. Solomon Adoga, Assistant Programme Officer at Civil Society Legislative Advocacy Centre (CISLAC) noted that despite the seeming unease in achieving policy efficacy in Nigeria, the country is relatively becoming a regional model for Tobacco Control in West Africa.

The representative from the Federal Ministry of Finance, Ms. Clementina Enadeghe noted that there is a lack of policy enforcement in the Tobacco trade and stressed the need to take into consideration the public health of Nigeria while making policies for tobacco. She advised that tobacco farmers who sell their products in illicit markets will require special policy attention.

Mr. Olufemi Olarinde, representative of the Federal Inland Revenue Service (FIRS) reiterated his organization's commitment to ensuring that the tobacco industry is taxed appropriately. He also noted that more work is being done to take advantage of international trade agreements in order to come up with taxes that will enhance the control of tobacco consumption in Nigeria.

In his contribution to the discussion, Nigeria Tobacco Control Alliance (NTCA)'s Chibuikwe Nwokorie stressed the need for all policies around tobacco control to be more efficient as the public health of Nigeria is of utmost concern.

***Other points emerging from the session include:***

- Illicit trade in Tobacco can be addressed when as much political willingness as that which is demonstrated in curbing rice imports is shown. Political will is in fact the only barrier between Nigeria and success in Tobacco control.
- The Tobacco Industry exaggerates its economic impact as data on the sector is mostly supplied by the industry itself.
- There is a need for continuous counter data to neutralize the tobacco industry's exaggerations and understatements about its performance.

**SECOND SESSION: Best Practices in Curbing Illicit Tobacco Trade And Lessons For Nigeria**

In the second session, the presentation by Ms. Mma Amara Ekeruche, Research Fellow at CSEA focused on Best Practices in Curbing Illicit Tobacco Trade and Lessons for Nigeria. This session essentially drew lessons from Morocco and Kenya who have distinguished themselves as countries in Africa with giant strides in Tobacco control.

Ms Ekeruche recounted prevailing situations in the respective counties and noted how strategies to fight illicit tobacco trade have evolved. Key takeaway from the country experiences was Kenya's consistency and how Nigeria could replicate it. The presentation ended with policy recommendations that will ensure quick wins for Nigeria such as: Partnerships with Private Sector and Utilizing crowdsourcing in enforcement.

**Panel Discussion**

This panel discussion provided a platform for discussions on how Nigeria could embrace lessons learnt from experiences of countries like Kenya and Morocco. The moderator, Mr Joseph Ishaku set the tone for the discussion for panelists to talk about the opportunities for Nigeria and what could stand in the way of effective tobacco control.

The representative of the Tobacco Control Unit at the Federal Ministry of Health Mr Emmanuel Abraham, shared more about how Tobacco control in Kenya also involves the private sector to enforce compliance to the laws against illicit tobacco trade. He acknowledged the various tobacco control international treaties that Nigeria has signed in the country's bid to fight against illicit trade and uphold public health.

In his contribution, Mr. Michael Olaniyan of Campaign for Tobacco Free Kids (CTFK) spoke of massive surveillance on all imported goods as a viable tool to check illicit trade. He also advocated that better law enforcement and penalties be put in place. According to him, these penalties need to be significant enough to make firms unable to absorb it as if it were a production cost.

Dr. Chukwuemeka Eke from the University of Abuja took a holistic stance in the discussion and made proactive suggestions. First, there is a need for improvement of the superstructure of Nigeria for Tobacco control to be successful. Dr. Eke's remark, therefore, centred on the imperative for better work on the "Nigeria Project". There is also a need for youth activism as a way of holding the government responsible. The University of Abuja academic also expressed the need for smart young professionals to manage the affairs of governance for Nigeria to achieve policy consistency not just in tobacco control but across all spheres of activity.

***Other points emerging from the session:***

- Tobacco Control has to be a proactive struggle, and the government should not be cuddled to take steps against its illicit trade. Thus, tobacco tax remains the most effective means of curbing the menace of tobacco on public health which should be the most significant issue to be considered.
- There is the need for collaboration in the fight against illicit trade in tobacco. The Federal Agency for Consumer Protection is one such organization that is open to partnerships on tobacco control.
- There is a need for research-based advocacy and inclusion of grassroots in the campaign against tobacco in Nigeria through deliberate stimulation of conversations around tobacco control.

## PLENARY

A plenary for open discussions on tobacco control in the context of the day's deliberations sought to identify strengths, weaknesses, threats and opportunities abound in Nigeria. During this session, the following were identified;

- The inelastic nature of the demand for tobacco makes tobacco tax a tool of government revenue generation rather than a consumption control.
- Stakeholders need to do more work on using social media, youth, religious leaders and other influencers to step up public education on the health dangers of tobacco.
- Federal Competition & Consumer Protection Commission is open to collaboration to step up public education on the dangers of Tobacco.
- Conversation on tobacco must continue to keep the agitation alive.
- Importance of building self-sustaining institutions and not institutions dependent on "strong men".
- Weak coordination due to paucity of funds are mitigating against the fight against illicit tobacco trade.
- Lack of public sector capacity.
- The need to break cycles of organized criminals such as smugglers by enhancing the capacity of the public sector to tackle such crime.

## APPENDIX

### Participants List

S/N	NAME	ORGANIZATION
1	Michael Olaniyan	Campaign for Tobacco-Free Kids
2	Abdullahi Usman	Federal Ministry of Industry, Trade and Investment
3	Nqueren Nongo (Mrs)	Federal Competition and Consumer Protection Commission(FCCPC)
4	Dr. Chukwuemeka Eke	University of Abuja
5	Solomon Adoga	Civil Society Legislative Advocacy Centre (CISLAC)
6	Harrison Edeh	Business Day Newspapers
7	Joseph Ishaku	Bellama Foundation (BAF)
8	Clementina Enadeghe	Federal Ministry of Finance
9	Olarinde M. Olufemi	Federal Inland Revenue Service (FIRS)
10	Asikputa Naomi	Federal Ministry of Industry, Trade and Investment
11	Segun Osinnaiye	Federal Ministry of Finance
12	Ene Oshaba	BluePrint Newspapers
13	Bunmi Ruth Oshundele	Tobacco Control Unit/ federal ministry of health
14	Chibuikwe Nwokorie	Nigerian Tobacco Control Alliance (NTCA)
15	Muhammed Nuhu	Africa Independent Television
16	Obaniyi Fidelis	University of Abuja
17	Peter Unekwu	Cedars Refuge Foundation
18	Onasanya O. Adenike (Mrs)	Federal Competition and Consumer Protection Commission (FCCPC)
19	Seember Ali	Development Gateway
20	Prof Mustapha A Jamda	University of Abuja
21	M.Z Baba Abubakar	Federal Ministry of Industry, Trade and Investment
22	Adepoju Adeniyi	Federal Inland Revenue Service
23	Abraham Emmanuel Agbons	Tobacco control unit/ Federal Ministry of Health
24	Prof S.A.J Obansa	University of Abuja

## Photo Gallery

