

The Market for Legal and Illegal Cigarettes in Poland: a Closer Look at Demand-Side Characteristics

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Objective: Rising tobacco taxes have been associated with higher cigarette prices and falling rates of smoking in Poland. The tobacco industry, fearful of the financial repercussions surrounding rising market prices for cigarettes, argues that smuggling is caused by price differences between countries, which create an incentive to smuggle cigarettes from cheaper to more expensive countries. Methods: This research examines the characteristics, penetrations and extent of smuggled versus legal cigarette use across Poland. In doing so, this research tests an individual level consumer survey methodology for measuring levels of smuggled cigarette availability and use among smoker households in Poland. This survey interviews smokers about their cigarette purchases and carefully inspects their cigarettes pack(s) for indications of illegal origins. Results: This project aims to draw upon estimates of cigarette smuggling to formulate an evidence-based argument for continued tobacco taxation in Poland. Preliminary survey findings from the first two survey waves indicate that 31% of Poles smoke. Of this, 40% of men and 22% of women report smoking cigarettes at least occasionally. Of the 1876 households surveyed, 26% provided surveyors with a cigarette pack present in the household at the time of the survey. Of the 500 cigarette packs presented by the respondents, 2% and 3% displayed Ukrainian and Russian excise tax stamps, respectively. Furthermore, 2% of the disclosed packs lacked an excise tax stamp. Among the number of policy-important findings derived from this work, one of the most critical is that approximately 7% of cigarettes smoked in Poland are not taxed in Poland.

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Learning Objectives: At the conclusion of the session, the observer of this presentation will be able to comment/evaluate the effectiveness of using a consumer survey methodology to estimate the consumption levels of smuggled cigarettes within a population.

Keywords Tax increases