Although tobacco use has declined in recent decades, worldwide more than one billion people still regularly use tobacco, including many who purchase cigarettes outside legal markets. Illicit tobacco markets can deprive governments of tax revenue and undermine public health efforts to reduce tobacco use. To answer a number of questions about the illicit tobacco market, a committee of experts appointed by the National Research Council and Institute of Medicine conducted a study and released its findings in the report *Understanding the U.S. Illicit Tobacco Market*.

Among the topics discussed in the report is the impact of the illicit tobacco market on public health. The report also examines the likely impact of any new federal regulations of tobacco products—which would be instituted with the intent of protecting public health—on consumer behavior and the illicit market.

**How the Illicit Market Impacts Public Health**

More than 20 million Americans have died as a result of smoking since 1964, and globally tobacco kills nearly 6 million people each year. If current trends continue, the global annual death toll could rise to more than 8 million by 2030. Given the grave public health threat presented by tobacco use, governments worldwide and across localities have instituted measures to reduce tobacco use among their citizens—such as higher taxes, bans on tobacco advertising, and public health warnings.

The illicit tobacco trade undermines these policies by increasing the affordability and accessibility of tobacco products. For example, one study in the United Kingdom estimated that the price of smuggled tobacco products was about 50 percent of duty-paid equivalent products. The lower prices of illicit products increase the accessibility and consumption of cigarettes, which in turn increases the risk of disease for some who might otherwise quit smoking. One estimate is that eliminating the global illicit tobacco trade would save approximately 164,000 lives in 2030 and annually thereafter—with 32,000 lives saved in high-income countries and 132,000 in low- and middle-income countries.

**How the Illicit Market Affects Youth Smoking**

The availability of lower-priced illicit cigarettes takes on additional importance given that the price of cigarettes influences youth smoking to an even greater extent than it influences adult smoking. Youth purchases (under age 18) are estimated to make up about 1 percent of the illicit market. Though small, these transactions are of particular public health concern: Since 88 percent of regular adult smokers began smoking before the age
of 18, postponement of youths’ smoking might be sufficient to keep many people from ever developing an addiction. Because smoking among young people is of particular concern, more research is needed on their participation in the illicit tobacco market.

**How New Regulations May Affect the Illicit Market**

Under the 2009 Family Smoking Prevention and Tobacco Control Act, the FDA has the authority to regulate tobacco products through provisions designed to protect public health. Such provisions may be used, for example, to implement product standards for nicotine levels or to place limits on mentholation. The FDA also has authority to set standards for messaging on cigarette packs.

The new tobacco regulatory environment ushered in by the this law is likely to result in changes to the way in which some tobacco products are engineered, packaged, and marketed to consumers. Thus, a key question for the future is whether smokers are likely to turn to the illicit market if their preferred cigarette characteristics are altered or eliminated by regulation. If the modifications reduce cigarettes’ appeal, consumers might respond in any number of ways—by continuing to smoke the modified cigarettes, by quitting, by substituting similar legally available products, or by seeking illicit versions of cigarettes with the qualities they miss.

Studies in several countries have examined cigarette modifications and their impacts on smokers’ preferences and behavior:

- **Experimental studies** have found that reducing ignition capacity (requiring that cigarettes extinguish when not actively puffed) and decreasing filter ventilation have only modest impact on cigarettes’ appeal among U.S. smokers.

- **Reducing nicotine levels and mentholation** has been shown in experimental studies to have a stronger effect on reducing product appeal. Existing studies have shown mixed results on smokers’ use and preferences: Some studies have found that most smokers intend to quit rather than seek alternative products. Other studies have found that smokers are able to tolerate substantial reductions in nicotine with little to no change in individual cigarette consumption. Several new research initiatives are under way on this issue, and more definitive findings are anticipated.

- **Cigarette packs with large graphic warning labels or in plain packaging** have also been shown to reduce cigarettes’ appeal. In countries that have required these, it has promoted quitting behaviors. Some who continue to smoke have used stickers or branded containers to conceal graphic health warnings.

Although there is not enough evidence to draw strong conclusions, the limited available evidence suggests that if current cigarettes are modified through regulations, the demand for illicit versions of them is likely to be modest. It is also unclear whether and how quickly a large-scale illicit supply would emerge to meet any new demand for cigarettes with prohibited features.

**E-cigarettes and Public Health**

E-cigarettes have been promoted as a safer alternative to conventional cigarettes because they deliver nicotine to the user through vaporization of a nicotine solution rather than by burning tobacco. While they appear to be less harmful to one’s health than cigarettes, research is just beginning to investigate the impact of e-cigarettes on public health. Studies are also needed to examine the relationship between e-cigarette use and the use of conventional tobacco products.

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