

FOR IMMEDIATE RELEASE

Increased Taxation Equals Increased Criminal Gang Activity

April 20th, 2021 – The National Coalition Against Contraband Tobacco’s (NCACT) responded to the tabling of the federal budget yesterday which included a proposal to increase excise duty by \$4 per carton of 200 cigarettes. The measure will take effect today.

“While provincial governments are taking a prudent approach to tobacco taxation in response to statistics related to contraband tobacco, the federal government has doubled down on tax increases which will only benefit organized crime groups,” began Gary Grant, National Spokesperson for the NCACT.

A recent report by Ernst & Young, commissioned by the Convenience Industry Council of Canada, found that COVID-19 lockdowns had dramatically impacted the illicit trade of illegal cigarettes, increasing federal and provincial tobacco tax revenues. The report found that contraband tobacco is about 24% of Canada’s total tobacco market.

“When lockdowns end in provinces, it is inevitable that there will be a boom in contraband tobacco as criminal gangs begin to operate again in full and with millions of Canadians having lost their jobs and savings during the COVID-19 pandemic. Without including action against illegal cigarettes, the federal government has just decided to fuel the contraband tobacco market,” continued Grant.

The RCMP continues to estimate that over 175 organized crime groups are trafficking in contraband tobacco across Canada, with over 50 illegal factories in Ontario and Quebec creating millions of illegal cigarettes an hour. Provinces such as Quebec and Manitoba continue to take direct action against contraband tobacco, and have returned hundreds of millions of dollars back to their public treasury.

“The government estimates that this 9% increase in taxation will equal an increase in federal revenues of \$2.1 billion. As history shows though, it will instead equal an increase in contraband tobacco and an increase in the millions of dollars criminal gangs make each day off illegal cigarettes. Without any action against contraband tobacco, the federal government has again failed to address this important issue.” concluded Grant.

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The National Coalition Against Contraband Tobacco is a Canadian advocacy group formed by organizations and associations concerned about the growing danger of contraband cigarettes. NCACT members share the goals of working together to educate people and urge government to take quick action to stop this growing threat. More information about the Coalition can be found on our website, www.stopcontrabandtobacco.ca.

Media Contact:

Kyle Larkin, NCACT Public Affairs

Telephone: 905-449-9077

Email: info@stopcontrabandtobacco.ca