

Cigarettes over and under the counter

By Our Staff Reporter

LAHORE, Jan 23: Counterfeiting and smuggling are affecting almost all sectors, but it's very common in the cigarette industry.

A survey of Shahalam market revealed that more than 30 illegitimate brands are being sold there.

The tobacco industry contributes approximately US \$1 billion to the national economy annually by providing direct employment to some 253,000 people in farming, manufacturing, distribution and retailing and indirect employment to some 87,000 people. But smuggling and counterfeiting have been affecting the industry a great deal.

Counterfeit cigarettes are being manufactured at more than 20 units at Chakwal, Bahawalnagar, Sargodha, Okara and other areas of Punjab besides the NWFP and Azad Kashmir. Approximately 12 factories had been functioning in Azad Kashmir alone.

According to estimates, the total cigarette sale during 2009 was 85 billion out of which 71 billion cigarettes were of local legitimate brands while the rest (14 billion cigarettes) were smuggled, tax-evaded or counterfeit, incurring around Rs8 billion revenue losses to the national exchequer.

Various cigarette brands are smuggled into Afghanistan every year from Korea and China. Unscrupulous elements further smuggle most of these cigarettes into Pakistan through Chaman, Quetta and Kabul-Peshawar

transit routes. From Quetta and Peshawar, these smuggled products are transported to all over the country.

Meanwhile, cigarette retailers have been warned of serious consequences by their own association to abide by the laws governing the sale of the commodity. Vice-President Mobeen Yousaf of the All-Pakistan Union of Cigarette and Beverages Retailers said in a letter to all the members of the body that the Federal Board of Revenue had decided to launch a crackdown on the dealers and shopkeepers involved in selling smuggled or counterfeit cigarettes.

Teams had been set up all over the country to conduct raids at the already marked dumping places as well as retail outlets of the smuggled or counterfeit cigarettes.

Quoting Section 24-A of the Federal Excise Act, Yousaf said it's mandatory to print health warning, retailers price and manufacturers name on every cigarette pack. But illegitimate cigarette manufacturers are not obeying the government rules.

Yousaf lamented that while the union had campaigned hard to educate the retailers about the severe repercussions of selling counterfeit and smuggled cigarettes, the results of such efforts had been far from satisfactory. The sale of such cigarettes in the market had gone up despite a recent exercise by the union to advertise the FBR guidelines in the press for the benefit of the retailers.