

## Counterfeit Cigarette Manufacturing and Consumption in Europe

Since the early 2010s, the EU has shifted from being primarily a destination for smuggled cigarettes to a significant centre for the manufacturing and consumption of counterfeit products. While total cigarette consumption declined between 2015 and 2024, counterfeit volumes increased sharply, rising from around 4.1 billion sticks to 13.4 billion in 2024. Counterfeit cigarettes now represent approximately one third of the EU illicit cigarette market.

Growth has been concentrated in a limited number of countries, led by France, alongside Hungary, the Czech Republic, Romania and the Netherlands. The analysis links this trend to declining cigarette affordability and widening price differentials associated with excise and VAT, compounded by COVID related disruption, rising inflation, the Russia Ukraine war, tighter product regulation and enforcement gaps. Organised criminal networks have taken advantage of these conditions to establish sophisticated manufacturing operations which localise production within the EU and scale supply efficiently.

The resulting impacts are material, including an estimated €14.9 billion in lost tax revenue in 2024, increased public health risks, labour exploitation and wider security concerns linked to other forms of criminal activity. Without recalibrating the regulatory approach and closing enforcement gaps, especially in postal, online, and intraEU supply chains, Europe risks entrenching a shadow market that undermines health policy objectives, erodes public revenues, and fuels organised crime.

### *Disclaimer:*

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