STOP. A GLOBAL TOBACCO INDUSTRY WATCHDOG

Fact sheet

Global

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Covering Its Tracks: Is British American Tobacco Still Involved in Illicit Trade?

New analysis of leaked internal documents from British American Tobacco provides evidence that the company may have remained complicit in the illicit tobacco trade, and that its anti-illicit trade program primarily served to increase the company's revenue and policy influence, not decrease illicit trade. To reduce further illicit trade, governments must act independently of the tobacco industry in their anti-illicit efforts.

The tobacco industry and illicit trade

Tobacco companies, including British American Tobacco (BAT), have a long history of smuggling their own products.[1] By the early 2000s, the industry's involvement had been widely exposed and, in some cases, litigated. This resulted in agreements between transnational tobacco companies and some governments to reduce the illicit tobacco trade.[2]

However, there is no evidence that these agreements actually reduced illicit trade. Instead they gave companies opportunities to interact with and influence policymakers.

Leaked industry documents suggest BAT's continued involvement in illicit trade

Analysis of more than 200 documents from a set of 15,000 leaked BAT documents from 2000-2014, pertaining mostly to East and Central Africa, suggested that the cigarette giant continued engaging in questionable practices that historically drove illicit trade, while claiming to be fighting against it.

Researchers from the Tobacco Control Research Group at the University of Bath searched and analyzed the leaked document set and found new evidence suggesting BAT:[3]

- Continued to work with distributors previously involved in illicit trade, in breach of agreements with the United Kingdom and the European Union to stop working with contractors engaged in the illicit tobacco trade
- Continued to operate in areas with ongoing terrorist activity, civil war, international sanctions and high levels of corruption where products were more likely to enter the illicit market, and where some were documented doing so
- Used illicit shipments to enter closed markets (including North Korea)
- Appeared to use tactics to conceal evidence of BAT stock ending up on the illicit market, including using pseudonyms, non-company email addresses and in-person and phone conversations for legally sensitive topics
- Engaged in "round-tripping" of BAT stock, where cigarettes are manufactured in one country, legally shipped to another tax-free, then smuggled back and sold illegally in the country of origin, thus evading taxes

BAT's anti-illicit trade program served to boost profits, not reduce illicit trade

Researchers also analyzed documents from the leaked set related to the company's anti-illicit trade program, launched in 2004. They concluded that the key purpose of the company's anti-illicit program was not to reduce illicit trade, but to increase its revenue and influence policy.

The leaked documents suggest BAT:[4]

- Used undercover agents and informants to engage in questionable surveillance activities and to disrupt its competitors' legal and illegal supply chains
- Sought to intervene only to capture competitors' illicit product—instead of its own product diverted to illegal channels—and to fill in that space with its own product
- Framed its anti-illicit trade strategy as a "reputation initiative to get a seat on (sic) the table to talk about excise and FCTC [Framework Convention on Tobacco Control]" and ultimately influence tobacco control policy in its favor; for example, by pushing for reduced taxation and for voluntary and collaborative—rather than enforceable and legally-binding—approaches to tackling illicit trade

These new findings add to a large body of evidence showing BAT is not a trustworthy business or government partner

The leaked documents cover BAT's business activities from 2000–2014. But its legally questionable business practices, including various activities that may have facilitated illicit trade, have continued.

Since 2014, BAT has faced fines for alleged fraud, sanctions violations, oversupplying tobacco, tax evasion and domestic competition law violations. Fines were related to:

- **Bank fraud and sanctions violation charges by U.S. authorities in 2023 related to a smuggling scheme in North Korea covering at least 2007-2017, leading to unprecedented fines of over $630 million[5]**
- **Oversupplying tobacco to Belgium between at least 2010 and 2013, with fines imposed in 2014[6]**
- **Tax evasion in the Netherlands in 2013-2016, with fines imposed in 2023, and Bangladesh in 2016 and 2021-2024, with fines imposed in 2023 and 2024, leading to protracted legal disputes[7, 8, 9]**
- **Possible abuse of market dominance and violation of domestic competition and consumer protection laws in Nigeria in 2023, leading Nigeria's Federal Competition and Consumer Protection Commission to impose a $110 million fine, the largest it had ever levied[10]**

BAT has been investigated for possible tax evasion, corruption and involvement in illicit trade. Investigations have related to:

- **Potential tax evasion in Kenya: Ongoing, for 2017-2018[11]**
- **Corruption in Italy: Charged in 2023 for alleged wrongdoing dating back to 2014-2016[12]**
- **Potential bribery, corporate espionage and involvement in illicit trade: Investigated by the U.K.'s Serious Fraud Office beginning in 2017; the investigation was dropped in 2021 and has since faced calls for reopening[13]**
- **Oversupply of cigarettes to conflict zones in northern Mali[14, 15]**
- **Potential sanctions evasion, investigated by the U.S. Office of Foreign Assets Control: Ongoing, first reported in 2026[16]**

BAT has faced or is facing lawsuits related to alleged smuggling, terrorism financing and farmer exploitation. BAT is facing:

- **A lawsuit for allegedly exploiting farmers in Malawi, filed in 2020[17]**
- **Securities and terrorism financing class action lawsuits in the U.S. and the U.K., filed in 2023 and 2026[18, 19]**

No tobacco company is a legitimate ally when it comes to fighting illicit trade

By casting themselves as the victims of illicit trade, tobacco companies' supposed efforts to reduce illicit activity may seem genuine to the public and to governments. This narrative, however, is part of a deliberate industry strategy to participate in governmental partnerships and influence policy.

The industry perpetuates this narrative by trying to control information about and influence the solutions to the illicit tobacco trade.

- The industry funds much of the existing research on illicit trade. Industry-linked research often presents higher estimates of the illicit market than independent research.[20] Tobacco companies often use these inflated figures to argue against tobacco control measures they say contribute to illicit trade, such as higher tobacco taxes.

- Some tobacco companies have collaborated in efforts to control global track and trace approaches, working to present industry-linked systems as independent (for example, Codentify and its sale to Inexto).[21]

> **"...Anti-illicit trade partnerships between authorities and TTCs [transnational tobacco companies] have been, at best, ineffective and, at worst, have increased the political influence of those companies."**
>
> From "British American Tobacco's continued involvement in illicit tobacco trade," 2026[22]

Governments must keep the tobacco industry out of anti-illicit trade efforts and thoroughly investigate allegations of industry misconduct

Because the tobacco industry benefits from the illicit trade in many ways—from allowing it to covertly enter new markets to helping it dodge tobacco control regulations, such as taxes or required health warnings—it cannot be trusted to help end it.

To meaningfully reduce illicit trade, governments must act independently of the industry in their efforts. The researchers recommend that governments:

- Ensure any track and trace programs are independently controlled
- Tax tobacco products at the manufacturing stage
- Ban duty-free tobacco sales
- Ban intermingling (shipping cigarettes in the same container as other products)
- Ban manufacturing and distribution of cigarettes in free trade zones
- Implement more frequent inspections of cigarette shipments
- Ensure consistent and independent data collection and reporting relating to illicit trade
- Undertake more thorough investigations of alleged misconduct
- Guard against policy interference by the industry and its allies

Governments have a responsibility to hold tobacco companies accountable

Findings from the researchers' analysis indicate that law enforcement bodies should open or re-open investigations into BAT's misconduct across Africa and the Middle East, and wherever similar allegations arise.

For a deeper dive into the researchers' analyses and findings, read:

- "British American Tobacco's continued involvement in illicit tobacco trade"
- "'To increase the available profit pool' and 'get a seat at the table': Using internal documents to understand British American Tobacco's anti-illicit tobacco programme"

Endnotes

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About STOP

STOP is a global tobacco industry watchdog whose mission is to expose the tobacco industry tactics that undermine public health. Comprised of a network of academic and public health organizations, STOP researches and monitors the tobacco industry, shares intelligence to counter its tactics, and exposes its misdeeds to a global audience. STOP is funded by Bloomberg Philanthropies as part of the Bloomberg Initiative to Reduce Tobacco Use. For more information, visit exposetobacco.org.