

An isometric illustration of a supply chain in Cambodia. It features a large teal factory with three smokestacks, a white truck on a road, a cargo ship loaded with green containers, and a warehouse with a forklift. A circular inset in the top right shows the Cambodian flag. The background is a light green map of Cambodia.

ApiraSol

Illicit Cigarettes in Cambodia October 2022 November 2023

SUPPLY CHAIN INTELLIGENCE
REPORT AUGUST 2024

Overview

1. INTRODUCTION & METHODOLOGY

2. ILLICIT CIGARETTE TRADE - APAC

3. ILLICIT CIGARETTE TRADE - CAMBODIA



1

INTRODUCTION & METHODOLOGY

Methodology

This report has been prepared using various data sources, including (but not limited to):

- Publicly available customs trade data for the period October 2022-November 2023. For those countries that don't make their customs data publicly available, data has been obtained from the mirrored data of other countries.
- Statistical data.
- News articles relating to enforcement and seizures.
- Press releases from customs authorities.
- Online research papers relating to the trade in illicit white cigarettes.

In the trade data, Origin and Destination Countries refer to below:

Origin Countries - Shipment Origin Countries declared in publicly available trade data between Oct 2022 - Nov 2023

Destination Countries - Shipment Destination Countries declared in publicly available trade data between Oct 2022 - Nov 2023

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ILLICIT CIGARETTE
TRADE - APAC

This report examines the trade of illicit cigarettes in **CAMBODIA**.

Illicit cigarettes are cigarettes that are illegally sold in a market, without complying with local laws and regulations. The main categories of illicit cigarettes include **counterfeit** (cigarettes manufactured without a permission of a trademark owner), **contraband** (cigarettes that are first sold in their intended market but then smuggled to another market to be sold illegally), **under-declaration** (produced and distributed in the same country but when a portion of production is not declared to domestic tax authorities), and **illicit whites** (cigarettes legally produced in one country, often under their own unique brand name, for the sole purpose of being smuggled into other countries for illicit sale). Illicit whites account for a large portion of illicit consumption.

Criminals typically take advantage of porous borders, cigarette price differences between countries within the same region, and vulnerabilities in free trade zones (FTZs), to traffic their products.

Certain regions in Asia, in particular, present certain geographical, economic and social characteristics that provide a favourable environment for the illicit cigarette trade to thrive in.

For instance, several countries in South East Asia consist of a fragmented collection of islands and peninsulas which are difficult to police. Furthermore, the **UAE and Singapore** are home to

some of the **biggest FTZs** in the world. While Free Trade Zones play an important role in facilitating trade and attracting investments, they are also reportedly known as transit hubs for illegal goods, mainly due to the lack of oversight. Besides Singapore and UAE, there are other countries such as **Hong Kong, Indonesia, Malaysia, Thailand and Vietnam** with major ports that are used as **transit and transshipment hubs for illegal cigarettes**.

Asia is also home to some of the biggest smoking nations in the world, some of which have a high demand for lower price, illicit cigarettes.

Country Specifics

Cambodia is identified as a major point of origin, destination, and transit for illicit trade, due to its porous borders, severe poverty and geographical location bordering Thailand, Vietnam, Laos, and the Gulf of Thailand.

While **India** is the world's second largest consumer, producer and exporter of tobacco, it has a relatively Lower level of demand for illicit cigarettes as reflected in the low value of illicit whites recorded in their import data for 2022-23. Another major tobacco-consuming, and producing, nation is **Indonesia**, where most smokers consume locally produced kretek cigarettes. Due to these smoking preferences, both India and Indonesia represent less interesting destinations for the illicit white trade.

Malaysia, on the other hand, has one of the highest demands for illicit cigarettes in the world, with six out of every 10 packs consumed in the country being illicit. This preference for illicit product is reflected by trade data that shows illicit imports to be more than 850 times higher, in value terms, than illicit exports.

Thailand is a 'destination' rather than 'origin' country, given that it has the highest cigarette tax burden in the APAC region. As a result, it is more profitable for fraudsters to smuggle illicit ciga-

rettes into Thailand than to export Thai cigarettes to lower taxed countries. Online research revealed that the terrorists and its network in Thailand are funded by smuggling of Illicit Cigarettes.

Another destination country is **Vietnam**. It has the highest level of illicit white cigarette imports, in value terms, according to available trade data. In fact, Vietnam is noted as the main destination for illicit whites from Cambodia (Vietnam's eastern neighbour), Malaysia, Philippines, Singapore and the UAE. That said, Vietnam is also noted as the main point of origin of illicit whites exported to Indonesia, Malaysia, Singapore, Thailand, and the UAE.

The Philippines is also noted as having more inflows than outflows in value terms. Furthermore, it is in this country, as well as **Malaysia**, where armed terrorists have built profitable businesses out of cigarette smuggling.

While **Singapore** also has significantly higher illicit imports than exports according to trade data, this is in large part due to the country being home to the biggest container transshipment hub in the world, with 10 free trade zones spread across its territory.

The **United Arab Emirates** is another major transshipment hub, and home to one of the world's worst-offending FTZs with regard to the transshipment of illicit goods.

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ILLICIT CIGARETTE
TRADE - CAMBODIA

CAMBODIA is a major point of origin, destination, and transit for illicit trade in the APAC region, including the trade in illicit white cigarettes. This is due to its porous borders, severe levels of poverty (more than 20% of the population live below the poverty line), and geographic location (it shares a border with Thailand, Vietnam, and Laos, and has a 440 km coastline along the Gulf of Thailand).

Given that **CAMBODIA** does not make its customs data publicly available, the trade data for this report has been accessed from the mirrored data of other countries and may not reflect the full reality.

CAMBODIA as an Origin

According to trade data, illicit white cigarettes worth **13,415,495 USD** were exported from Cambodia between October 2022-November 2023. 89% of these cigarettes were destined for Cambodia's eastern neighbour, Vietnam.

The data points to the brands [REDACTED] as the top brands exported out of Cambodia. Furthermore, the data identifies [REDACTED] as the top three exporters of illicit whites from the country.

Online articles and press releases by various customs agencies between 2022-2023 nevertheless refer to the seizure of other brands by Vietnam customs: namely, [REDACTED]

[REDACTED] The brands had been transported by [REDACTED] [REDACTED] transit through the Xa Mat border gate (Tay Ninh) to Cat Lai Port (Ho Chi Minh city), for onward export to ++ ++++

[REDACTED]

The online articles also refer to seizures at Hong Kong customs of cigarettes that were either en route from **Cambodia to Philippines, via Hong Kong, or destined for Hong Kong** itself. The cigarettes had been misdeclared as dried cassava, knitted fabric, and palm oil.

In general, Cambodia has been noted as one of the origin countries from where illicit white cigarettes are also smuggled to **Philippines and Thailand**.

It is reported that some Thai and Cambodian people have even built a career out of walking cigarettes across the Cambodian border into Thailand, at the Ban Khlong Luek border, located in the Aranyaprathet district in the province of Sa Kaeo. These people include Thai gamblers returning home after a visit to the Cambodian casinos, which are conveniently lined up along the border.

CAMBODIA as a Destination

Between October 2022-November 2023, **16,569,211 USD** worth of Illicit white cigarettes were imported into Cambodia, with 96% of these coming in by sea from **Indonesia**, and the remainder originating from **Vietnam**.

For 71% of these imports, Kampung Siam in Cambodia was declared as the destination port, while 84% had Belawan in Indonesia declared as their port of origin.

Trade data shows **offshore group** to be the top brands imported into Cambodia. The data also identifies **small offshore group**, **offshore group**, **offshore group**, **offshore group**, **offshore group**, **offshore group**, **offshore group**, **offshore group**, **offshore group**, **offshore group** as Cambodia's top importers.

offshore cigarettes, meanwhile, are imported by **offshore group** which, on its website, lists **as offshore** as its parent company. **offshore group**, a senator in Cambodia's ruling political party, the **group**

Online articles from 2022-2023 mentioned seizure of brand [REDACTED], in car, factory, and warehouse in Cambodia.

The smuggling of [REDACTED] is highly concentrated in the southern provinces bordering Cambodia. These two brands, which are legally imported from Indonesia to Cambodia before being smuggled into Vietnam, are the most popular illicit brands.

Upon arriving in Cambodia, in the southwest coastal city of Sihanoukville, [REDACTED] cigarettes are transported to a storage warehouse on Norodom Boulevard in Phnom Penh. From there, they move to the Cambodian-Vietnamese border, via border gates including Svayrieng in Long An province, Bavet and Moc Bai in Tay Ninh province, and Ta Mau Kirivong and Xa Xia, also in Tay Ninh. 90% of illegal cigarettes pass through these border gates into Vietnam.

CAMBODIA as Origin Country

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Origin Ports	Kampong Saom, KHPNH, KHZZZ, LAZZZ, Sihanoukville
Destination Countries	VIETNAM, UAE, SRI LANKA, TAIWAN, SAUDI ARABIA, PHILIPPINES, PAKISTAN, MAURITANIA, LIBYA, KAZAKHSTAN,
Destination Ports	Benghazi, Colombo, Jebel Ali, Jeddah, Kaohsiung, Manila International Container Terminal, Ninoy Aquino International Airport, Nouakchott, VNBIP, VNHAN, VNMOIT,
Number of Shipments	453 (Air-4, Land-7, Sea-37)
Total Value declared	13,415, 495 USD

CAMBODIA as Origin Country

Exporters

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Importers

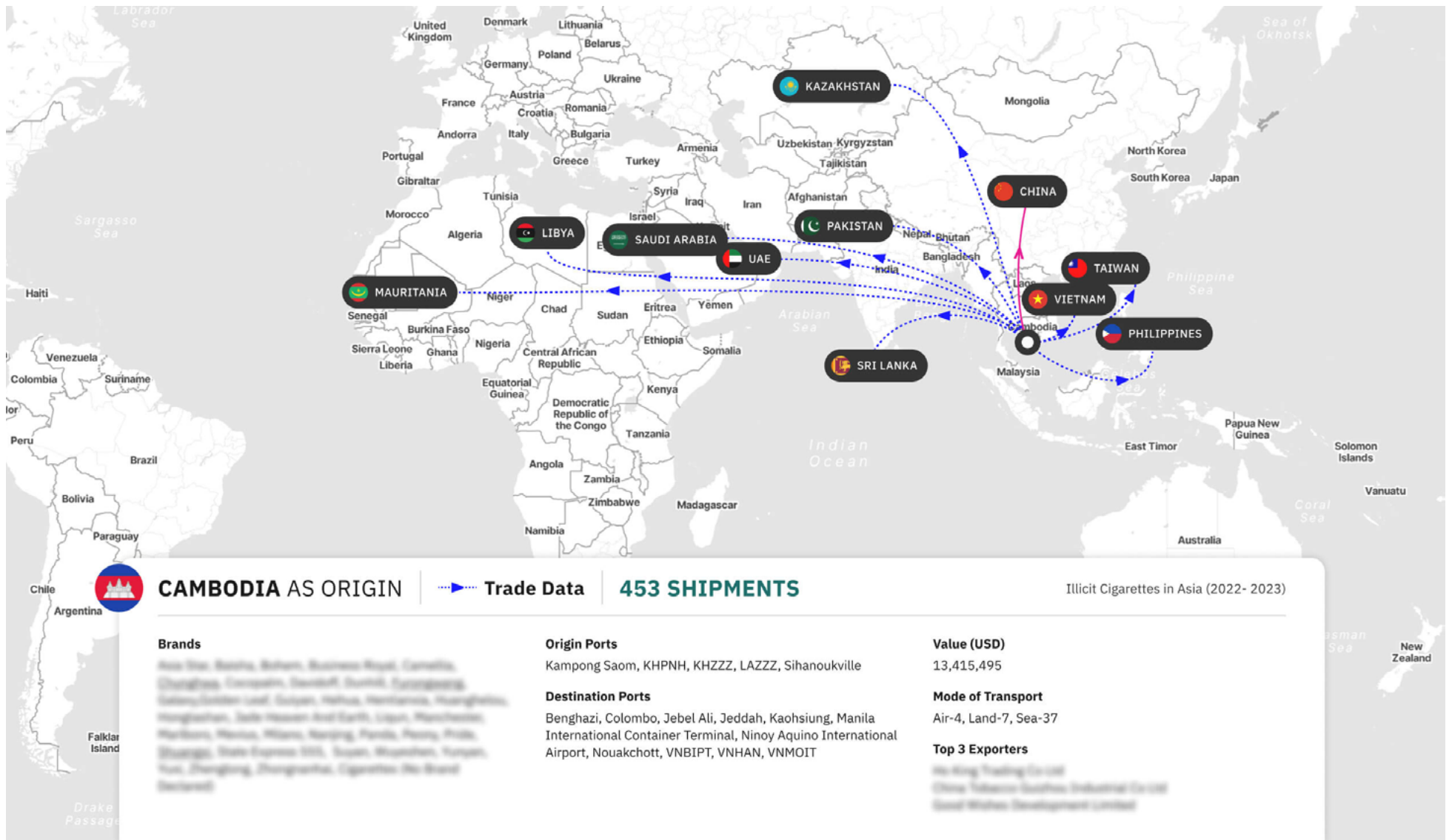
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CAMBODIA as Origin Country

Importers

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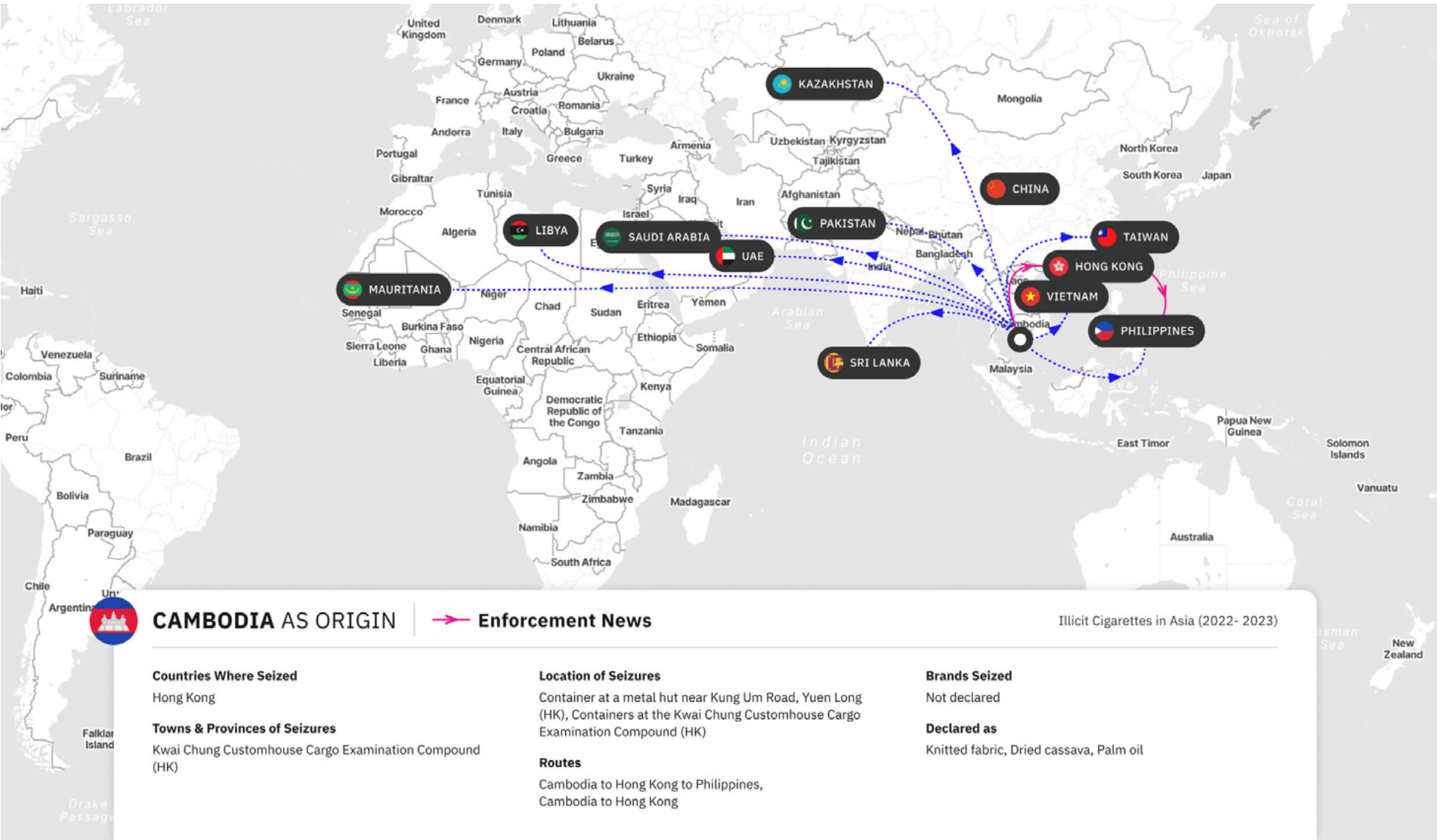
CAMBODIA as Origin Country



CAMBODIA as Origin Country



CAMBODIA as Origin Country



CAMBODIA - Precursor Imports (OCT 2022 - NOV 2023)

TOBACCO

Number of Shipments	251
Total Quantity declared	34,262 Cartons + 2,744,644 kg + 197.59 Tonne + Others
Total Weight declared	783,104 Kg + 2,744,644 Kg + 197,590 Kg + 1,207,380 Kg = 4,932,718 Kg
Total Value declared	11,910,592 USD (Value not declared in a lot of shipments)

ACETATE TOW, TRIACETIN, ACETATE FILTER, FILTER RODS, CIGARETTE FILTER

Number of Shipments	92
Total Quantity declared	29,349 Cartons + 406,913 kg
Total Weight declared	697,344 Kg + 406,913 kg = 1,014,257 Kg
Total Value declared	5,844,102 USD

CAMBODIA - Precursor Imports (OCT 2022 - NOV 2023)

FINISHED ALUMINUM FOIL

Number of Shipments	207
Total Quantity declared	193,558 Rolls + 7,912 (1000 packages) + 5,226 Box/Bag/pack + 412,214 Kg + 140,040 metres + 59,831 Sqm + + 1016 UNK + 54 sets
Total Weight declared	2,274,526 Kg
Total Value declared	1,363,480 USD

CIGARETTE PAPER, KAOLIN COATED PAPER, WHITE TONGUE PAPER

Number of Shipments	113
Total Quantity declared	1,011,802 Kg
Total Weight declared	2,503,044 Kg
Total Value declared	2,537,739 USD

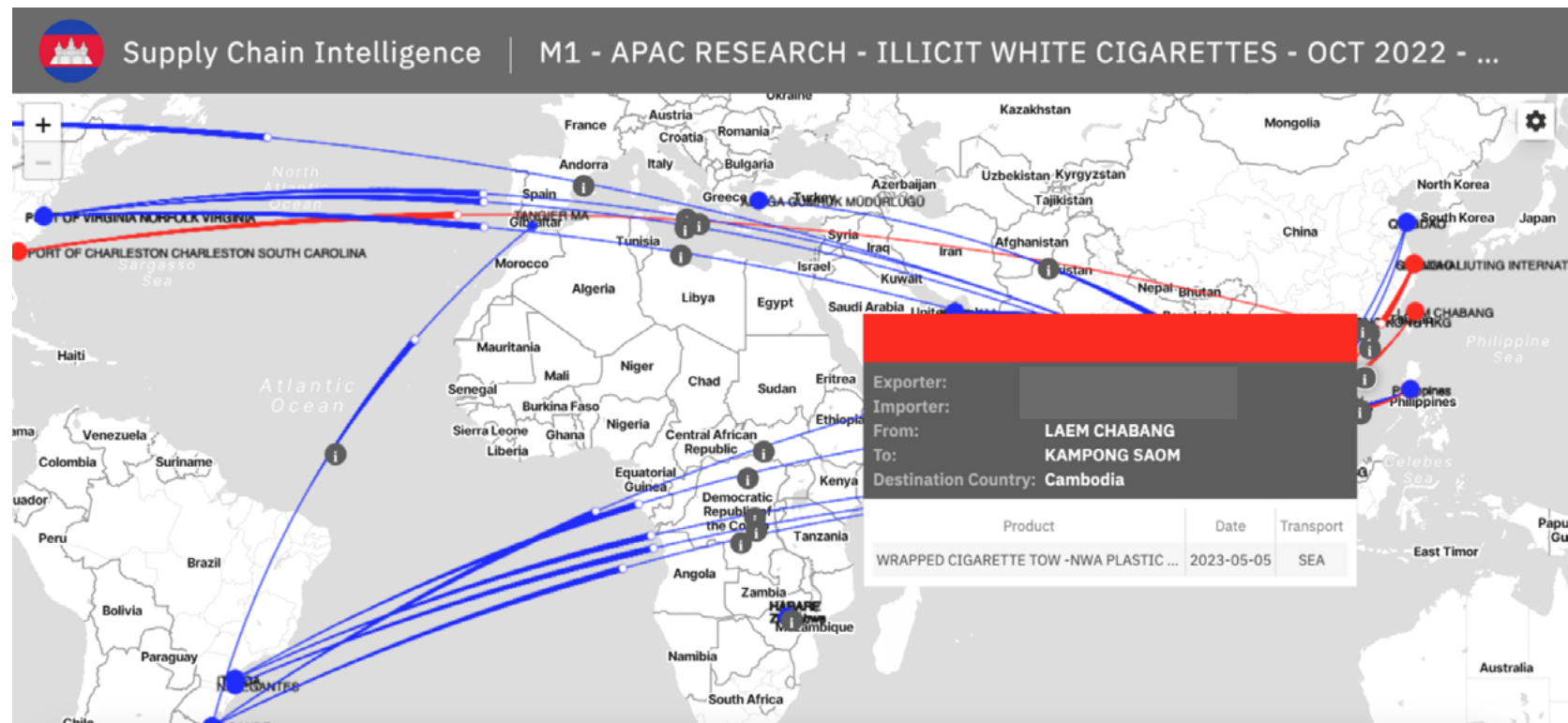
CAMBODIA - Precursor Imports (OCT 2022 - NOV 2023)

RED Used to indicate shipments of tow

BLUE Used to indicate shipments of tobacco

YELLOW Used to indicate shipments of aluminium foil

ORANGE Used to indicate shipments of paper



CAMBODIA - Cigarette Exports (OCT 2022 - NOV 2023)

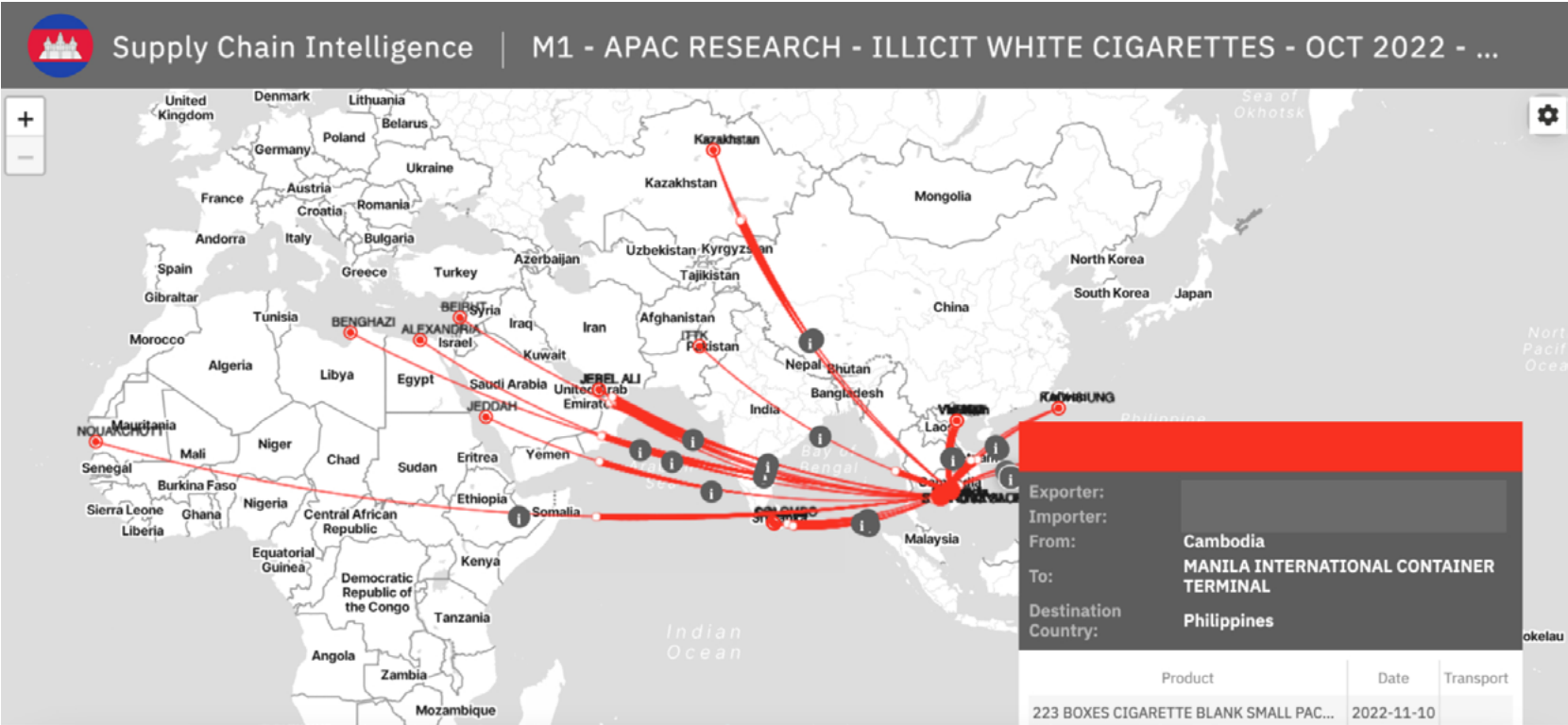
CIGARETTES

Number of Shipments	453
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Total Quantity declared	210 (1000 pieces) + 4,957 Box/Bag/Pack + 10,065 Cartons + 5100 Cases + 36,000 UND, + 124,064 UNK + 2,750,000 pcs + 275 KPCE + 358,060 Kg + (no quantity declared- weight used) 278,561 Kg
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Total Value declared	13,415,495 USD (Value not declared in a lot of shipments)
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CAMBODIA - Cigarette Exports (OCT 2022 - NOV 2023)



CAMBODIA - Precursor Imports (OCT 2022 - NOV 2023)

IMPORTS	WEIGHT (KG)	CIGARETTES EQUIVALENT (MIO CIGARETTES)	CONVERSION RATES*
TOBACCO	4,932,718	5,480.80	900 kg per mio cigs
ACETATE TOW	1,014,257	8,179.49	124 kg per mio cigs
ALUMINUM FOIL	2,247,526	33,052	68 kg per mio cigs
CIGARETTE PAPER	2,503,044	61,050	41 kg per mio cigs

Standard packaging for foil is bobbin = 8.5 kg

Standard packaging for cig paper is bobbin = 5 kg

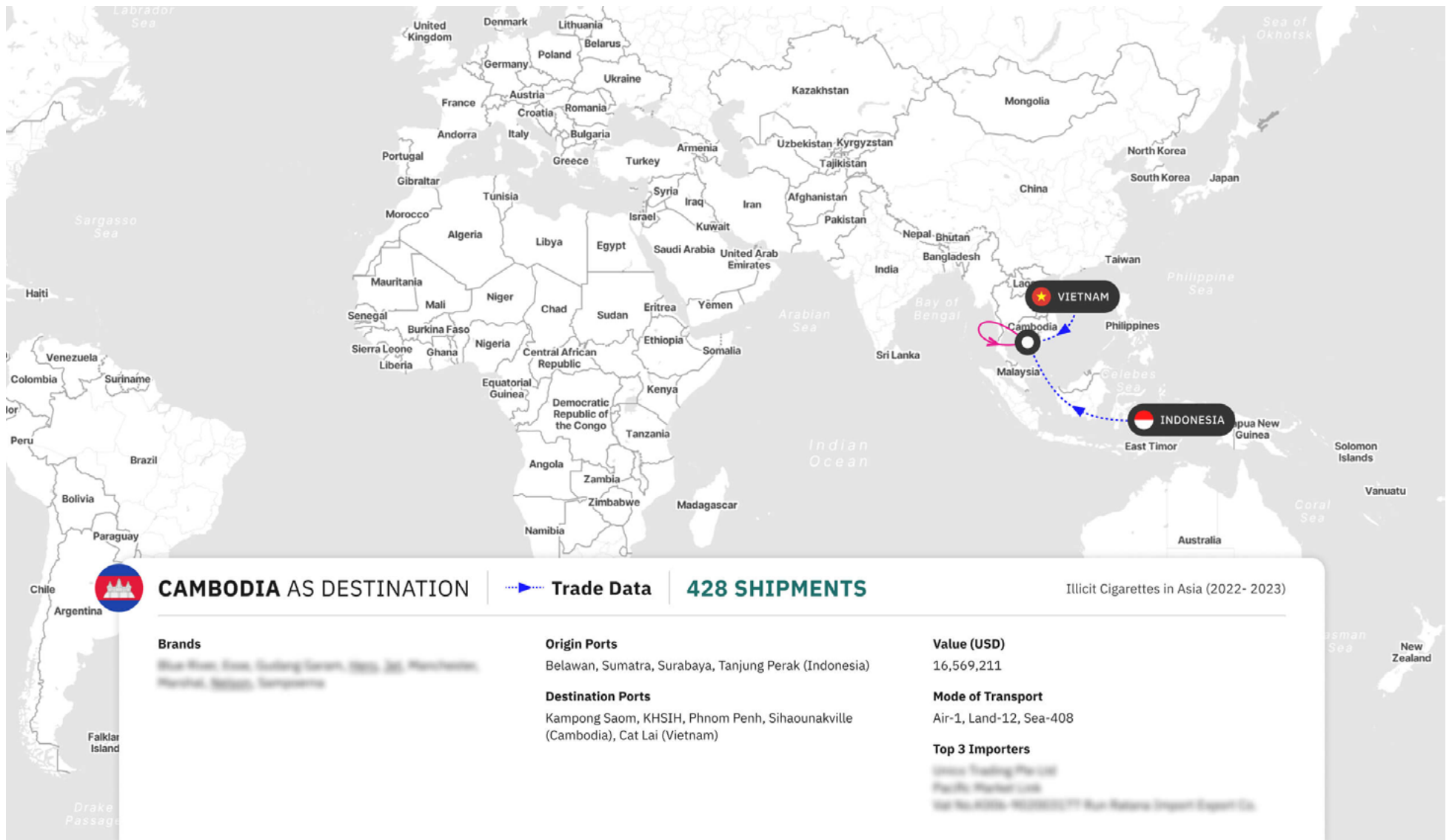
Can use only tobacco and tow if the units of foil and paper are not clear

* these are industry averages. Not publicly available information. Can be given as a range, for example based on tobacco and acetate tow imported about 5.5 - 8 billion cigarettes can be produced

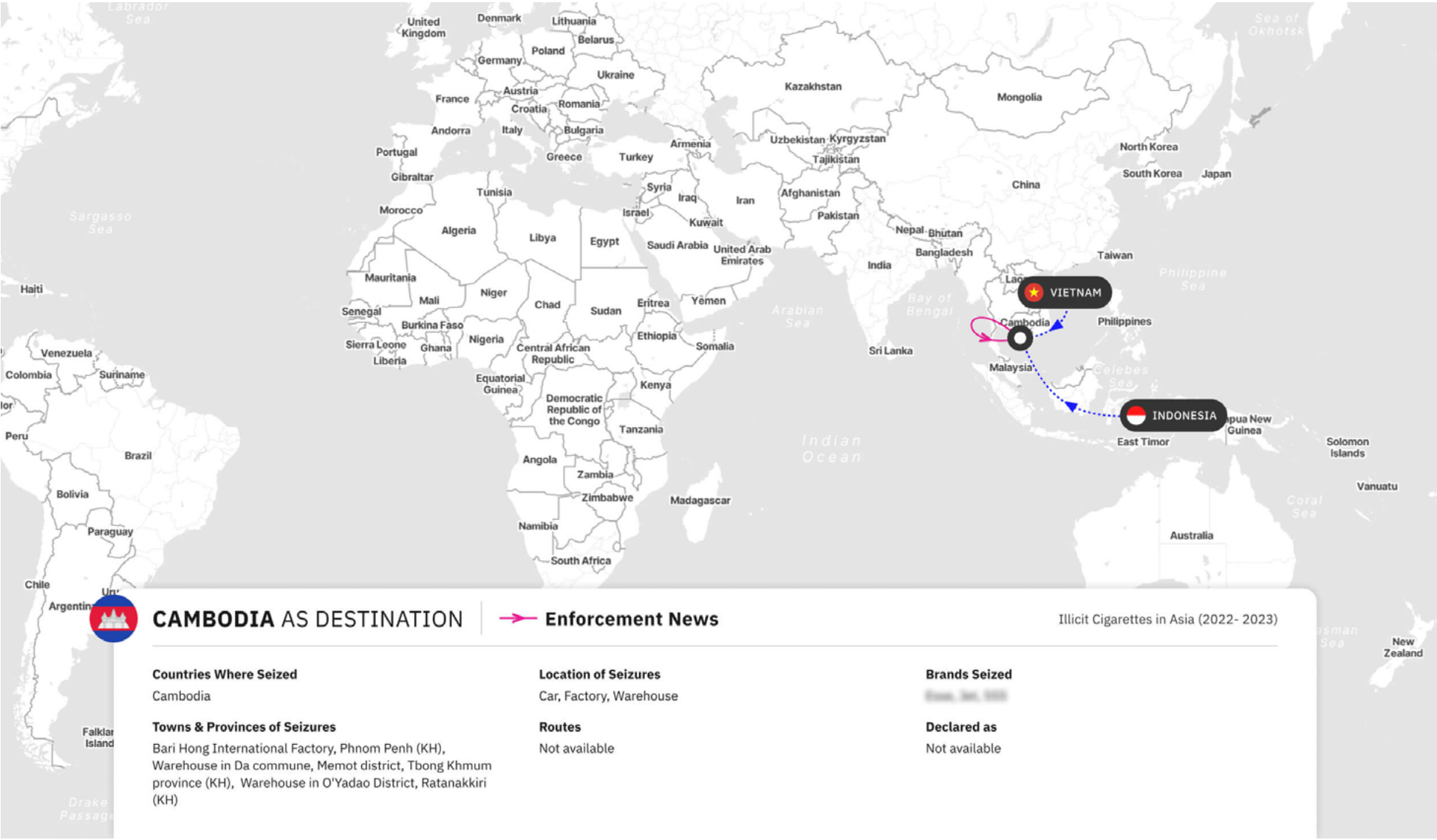
CAMBODIA as Destination Country

Brands	<i>lorem ipsum dolor amet, consectetur adipiscing elit. Suspendisse namque gravida quisque dignissim</i>
Origin Countries	VIETNAM, INDONESIA
Origin Ports	BELAWAN, SUMATRA, SURABAYA, TANJUNG PERAK (INDONESIA)
Destination Ports	KAMPONG SAOM, KHSIH, KAMPONG SAOM, KHSIH, PHNOM PENH, SIHANOUKVILLE (CAMBODIA), CAT LAI (VIETNAM)
Number of Shipments	428 (Air-1, Land-12, Sea-408)
Total Value declared	16,569,211 USD
Exporters	<i>consequat quisque. Nulla pellentesque non arcu et et nisl non. Curvabitur luctus taciti nec tristique enim gravida gravida. Phasellus rhoncus efficitur quam semper euismod etiam luctus. Accumsan ipsum sem ultrices imperdiet curvabitur? Dignissim neque condimentum cursus nulla scelerisque semper tamen. Aliquam odio ultricies pulvinar, turpis dolor nascetur feugiat. Aliquam libero lacus et nunc rhoncus dictum</i>
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CAMBODIA as Destination Country



CAMBODIA as Destination Country



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