

**Memoranda of Understanding: A tobacco industry
strategy to undermine illicit tobacco trade policies**
Supplementary Figure S1: Text of MoU between HMC&E and Gallaher

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MEMORANDUM OF UNDERSTANDING BETWEEN
HM CUSTOMS & EXCISE AND GALLAHER LIMITED

The purpose of this MoU is to set the framework of co-operation between HM Customs & Excise and Gallaher Limited ("Gallaher") in order to minimise any obstacles to legitimate trade while minimising the smuggling of exported UK manufactured cigarettes back into the UK.

Within the limits of 'commercial-in-confidence' obligations, statutory restrictions and data protection legislation, HM Customs & Excise will:

- work and share information with Gallaher to identify, prevent and deter trade in counterfeit product;
- make Gallaher aware of any concerns about specific traders or destinations from which significant volumes of UK manufactured cigarettes are seized being smuggled back into the UK;
- forward to Gallaher samples from significant seizures of cigarettes purporting to be their brands for analysis;
- respond to any case specific information supplied by Gallaher on the illicit trade in tobacco; and
- meet regularly with Gallaher to review progress in tackling tobacco smuggling and the effectiveness of these co-operative arrangements.

HM Customs & Excise and Gallaher will respect the 'commercial-in-confidence' status of information provided by either party to each other subject always to any overriding legal obligations affecting either party to this MoU.

Gallaher already has a Policy on International Trade. It maintains that Policy, which relates to its exports of UK manufactured tobacco products, with the aim of minimising the presence of the company's brands in the UK illicit (duty evaded) market. From time to time that Policy may be revised and in such event HM Customs & Excise will be provided with a copy of the new policy.

To that end Gallaher:

- only supplies products where there is a legitimate demand for the product in the intended final markets and as necessary will share their understanding of that demand with HMC&E
- takes action where information indicates any substantial smuggling of its products to identify, so far as is reasonably practical, the supply routes and suspect export trade
- refuses sales where the end-sale (consumption) destination is in doubt
- if it discovers that any particular distributor has been shown to be behaving improperly or has reasons for believing that they may be, re-visits that trading relationship with a view to discontinuing that relationship, if appropriate. In particular, if Gallaher concludes that any distributor is a smuggler of Gallaher products or that distributor is knowingly or recklessly supplying a smuggler with such products it will terminate that trading relationship with immediate effect
- provides Customs, upon request, with all relevant information about the intended destination of export consignments
- provides Customs with prompt access to data about export sales, including specific in-house codings and translations of those codings.

Source: Gallaher. Memorandum of Understanding Between HM Customs and Excise and Gallaher Limited, 23 April 2002. Available at:

<https://www.industrydocumentslibrary.ucsf.edu/tobacco/docs/npx10189> Accessed 11 June 2018.