

The Euromonitor International Report 2026 presents alarming figures that should prompt the European Commission and national governments to rethink their approach:

- **Tobacco tax increases do not necessarily lead to additional revenue;** on the contrary: the black market – smuggling and illegal production – is booming.
- The EU has become a global **epicentre for illegal cigarette production and consumption.**
- **Tax revenue shortfalls of €19.4 billion in 2024 alone.**
→ **Counterfeit cigarettes account for €4.23 billion of this,** representing a **75% increase on the previous year.**
- Five countries – **France, Hungary, the Czech Republic, Romania and the Netherlands** – are responsible for **68.5% of the total growth in counterfeit cigarettes between 2015 and 2024.**
- **Smuggling is increasingly being replaced by illegal production** within the EU.

The findings suggest that the “Made in the EU” approach promoted by the EU is increasingly being replaced by “Fake it in the EU”.

According to the report, this trend is driven by sharp increases in excise duties, product bans, and restrictions on legal alternatives, which widen the price and affordability gap between legal and illegal products and push price-sensitive consumers in particular towards illegal distribution channels.

So anyone who believes that an increase in excise duties leads to a linear 1:1 increase in tax revenue is seriously mistaken! Because if prices – i.e. costs – become too high for consumers, then the shift to and consumption in the illegal market rises in equal measure.

Conclusion: Excise duties on luxury goods, such as tobacco, sugar or alcohol, are not suitable as reliable EU own resources. They do not provide a stable basis for the budget, either at EU level or nationally.

One can only warn against unbalanced, excessive tax increases!

Summary of the key developments

Euromonitor International report

“Counterfeit Cigarette Manufacturing and Consumption in Europe”:

Figures on the manufacture and consumption of counterfeit cigarettes in Europe

Market trends and volume

- **Massive rise in counterfeits:** Whilst total cigarette consumption in the EU fell by an average of 2.1% (CAGR) between 2015 and 2024, from 508.19 billion to **418.09 billion units**, the volume of counterfeit cigarettes rose dramatically over the same period.
- **Growth rates:** The volume of counterfeit products grew from 4.1 billion units in 2015 to **13.4 billion units** in 2024, corresponding to a compound annual growth rate (CAGR) of **14.0%**. Other sources, such as KPMG, estimate the figure for 2024 at over **15 billion units**.
- **Market share:** Counterfeit cigarettes now account for **31.3% of the illicit market** and **3.2% of total consumption** in the EU (compared to just 0.8% of total consumption in 2015).

Regional hotspots

- **France as the hub:** France is by far the largest market for counterfeits and recorded growth of **55.4% (CAGR)** between 2015 and 2024. France alone accounted for **57% of the total EU increase** during this period.
- **Main contributing countries:** Five countries – **France, Hungary, the Czech Republic, Romania and the Netherlands** – are responsible for **68.5% of the total growth** in counterfeit cigarettes in the EU.

Economic and criminal factors

- **Fiscal losses:** Illegal cigarette consumption is estimated to have cost the EU **€14.9 billion** in tax and VAT revenue in 2024. At least **€4.23 billion** of these losses are directly attributable to counterfeits.
- **High profit margins:** Large illegal factories can generate up to **900 million euros** a year. As smaller facilities can be set up for as little as around **1 million euros**, criminal organisations often break even after just **one month**.
- **Tax burden:** In the EU, taxes and VAT account for an average of **82% of the price** of legal cigarettes. This creates enormous incentives for the illicit market, particularly as illicit packs (e.g. in France or Ireland) often cost only around a third of the legal price.

Social perception

- **Acceptance among young people:** In 2023, **31% of Europeans** considered it acceptable to buy counterfeit products if the original price was too high; among 15- to 24-year-olds, this figure rose to as much as **50%**.
- **Consumer behaviour:** Around **29% of smokers** who wish to reduce their consumption plan to switch to alternative nicotine products, although product bans (e.g. on flavours) could make this switch more difficult and further fuel demand for counterfeits.

In summary, the EU has evolved from a mere target market for contraband to a **hub for the production and consumption** of counterfeits, with organised crime efficiently exploiting the declining affordability of legal products and gaps in enforcement.

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