

Glossary

Average Daily Consumption	Average number of cigarettes smoked per day by daily cigarette smokers of the legal smoking age
BAT	British American Tobacco plc
Bn	Billion
C&C	Counterfeit and Contraband, including Illicit Whites
CAGR	Compound Annual Growth Rate
Cigarette	Any factory-made product that contains tobacco and is intended to be burned under ordinary conditions of use
Cigarillos	A short, narrow cigar, which, like cigarettes, is often machine-made and sold in packs
Consumption	Actual total consumption of cigarettes in a market, including Legal Domestic Consumption (LDC) and illicit products as well as those legally purchased overseas
Contraband (CB)	Genuine products that have been either bought in a low-tax country and which exceed legal border limits or acquired without taxes for export purposes to be illegally re-sold (for financial profit) in a higher priced market
Counterfeit (CF)	Cigarettes that are illegally manufactured and sold by a party other than the original trademark owner. In this report, counterfeit volumes are reported from the manufacturers of BAT, ITL, JTI and PMI, all of which participate in the EPS. Additionally, in some markets such as Bulgaria, Luxembourg and Belgium, local manufacturers also participate
Country of origin	Country from which the packs collected are deemed to have originated. This is determined by either the tax stamp on the pack or in cases where the tax stamp is not shown, on the health warning and packaging characteristics
Duty Free	Cigarettes bought without payment of customs or excise duties. Consumers may buy Duty Free Cigarettes when travelling into or out of the EU (including Switzerland and Norway) by land, air or sea at legal Duty Free shops
EC	European Commission
EEA	European Economic Area
EPS	Empty Pack Survey
EU	European Union
EU Flows Model	The primary methodology for measuring consumption in a market. The model has been developed by KPMG on a bespoke basis for the specific purpose of measuring inflows and outflows of cigarettes in the scope of this project
EUTPD	European Union Tobacco Products Directive
FTZ	Free Trade Zone
Green Leaf	Uncut dried tobacco leaf, which smokers cut themselves
Illicit Whites (IW)	Cigarettes that are usually manufactured legally in one country/market but which the evidence suggests have been smuggled across borders during their transit to the destination market under review where they have limited or no legal distribution and are sold without payment of tax

Glossary

Illicit Whites with no country specific labelling	Packs of Illicit White cigarettes which have “Duty Free” or no identifiable labelling on the packs
IMS	In Market Sales (the primary source of legal domestic sales volumes)
Inflows/Outflows	Inflows of non-domestic product into a market / outflows of product from a market
ITL	Imperial Tobacco Limited
JTI	JT International SA
LDC	Legal Domestic Consumption is defined as Legal Domestic Sales (LDS) net of outflows
LDS	Legal Domestic Sales of genuine domestic product through legitimate, domestic channels based on In Market Sales (IMS) data
M	Million
MYO	Make Your Own tobacco products
ND	Non-Domestic product – product that originates from a different market than the one in which it is consumed
ND(L)	Non-Domestic (Legal) – product that is brought into the market legally by consumers, such as during a cross-border trip
NMA/TMA	National Manufacturers’ Association /Tobacco Manufacturers’ Association
OCG	Organised crime group
OLAF	Office Européen de Lutte Antifraude also known as the European Anti-Fraud Office
OTP	Other Tobacco Products (RYO/MYO, cigarillos, portions, rolls and cigars; excluding smokeless tobacco and water-pipe tobacco)
PMI	Philip Morris International Management SA
RUSI	Royal United Services Institute for Defence and Security Studies
RYO	Roll Your Own tobacco products
Smoking prevalence	The percentage of smokers in the total population of the legal smoking age
Tobacco taxes	The sum of all types of taxes levied on tobacco products, including VAT. There are two basic methods of tobacco taxation: Normal or specific taxes are based on a set amount of tax per unit (e.g. cigarette); these taxes are differentiated according to the type of tobacco. Ad valorem taxes are assessed as a percentage mark up on a determined value, usually the retail selling price or a wholesale price and includes any value added tax
Unspecified	Unspecified market variant refers to cigarette packs which do not bear specific market labelling or Duty Free labelling
UNWTO	United Nations World Tourism Organisation
WAP	The weighted average price for cigarettes calculated by reference to the total value of all cigarettes released for consumption, based on the retail selling price including all taxes, divided by the total quantity of cigarettes released for consumption. The WAP is provided by the European Commission Excise Duty Tables or other official sources