One of the key successes from MOP2 day two was Committee A signing off on the implementation assistance strategy. Broadly speaking, the strategy focuses on creating a stronger foundation for the Protocol’s implementation by addressing Parties’ technical and financial resource needs as well as encouraging regional and international cooperation. By adopting the strategy, Parties have signaled their dedication to the Protocol through their commitment to address barriers to its implementation.

In terms of international cooperation, there is great importance in mobilising support from IGOs and NGOs, listed as a key component of the strategy. Continuing to encourage IGOs to participate in the Protocol’s implementation will be critical for its success and can help to mainstream the Protocol across relevant systems and networks. Party delegates to the MOP have an important role to play in facilitating this process by working internally with relevant government agencies, such as Ministries in charge of customs or finance, in order to secure mandates for IGOs to support the Protocol’s implementation and delivery of technical assistance. This kind of work will need to be one of the key takeaways for Parties after the closure of MOP2.

The strategy also addresses the fact that technical expertise and financial resources are critically needed in many Parties in order to strengthen their ability to implement the Protocol. Illicit trade causes substantial losses to government revenues and so, once up and running, the Protocol should fund itself with the tobacco industry bearing any costs associated with the implementation of obligations such as tracking and tracing, licensing, etc. through fees or levies. However, this can only be the case once Parties have the Protocol up and running, and that requires investment up front. Low- and lower-middle income Parties report low levels of Protocol implementation, and Parties in general report needing more support in order to improve implementation levels. Technical assistance and capacity building must be prioritised given the technical complexities of the Protocol, which is primarily a law enforcement, customs, and tax administration treaty. The implementation assistance strategy clearly recognises this need, as do Parties given their support of the strategy, but there remains a need to secure funding so that the strategy can be enacted.

Several Parties emphasised the need for greater technical and financial assistance during the Committee B discussions on the budget and workplan. Future MOP budgets will reap the benefits of the creation of the Investment Fund, as adopted during the day two plenary, but the revenue from the Investment Fund will only cover a portion of the MOP budget. A funding gap also remains at the national level for many Parties. All of our work from now to MOP3 comes with a price tag and Parties need to make more effort to find sustainable ways to fund it. Fortunately, when fully implemented the Protocol can be revenue-generating and self-sustaining, so Parties and potential sponsors should consider it to be a very good investment. We should consider that some countries might need some initial support to get these efforts started. The Convention Secretariat has done an outstanding job securing resources and is hard at work securing more, but it should not be left only to them—rather, it is the collective responsibility of Parties.
EXAMPLE OF GOOD PRACTICES IN CUSTOMS CONTROL OF FTZ:
THE URUGUAYAN EXPERIENCE

Since 2014, Customs Uruguay has had full online electronic surveillance of cargo entry and exit operations and inventories, including physical inspections within FTZs, thanks to the new legislation.

Highlights:
- Implementation of a “single window” for Foreign Trade, for all import, export, and transit-related regulatory requirements combined, with the use of digital forms for customs clearance (with a unique identifier of all cargo movements, including transits).
- WCO recommended Qualified economic operator program, with voluntary certificates granted by Customs aimed at all agents.
- Electronic seal for container-tracking and domestic movement and transit. Georeferencing of containers with round-the-clock electronic monitoring by a dedicated center at Customs Uruguay.
- Since 1996, regulations for the land movement of cargoes of cigarettes between FTZs and border free-trade shops, requiring a bond in the amount of 140% of the assessed value of cigarettes.
- Regional cooperation agreements with Brazil, and one in progress with Argentina, to monitor cargoes.
There is a consensus among researchers that significantly increasing the excise tax on tobacco products is the single most effective tobacco control measure. However, the illicit trade of tobacco products could undermine the effectiveness of this measure.

The WHO FCTC Knowledge Hub on Tobacco Taxation and Illicit Trade (the KH) was formally established in 2018 in order to assist the technical staff of Ministries of Finance and Ministries of Health to understand the negative macro-economic impact of tobacco use and to apply fiscal tools to correct it. Through the process of providing capacity building support to government agencies in several countries over the past several years, it has become increasingly clear that there is a significant knowledge gap when it comes to effectively controlling the supply chain for tobacco products.

Determining what knowledge and skill gaps exist inside a local economy is a critical first step to addressing the issue. The study also found that some illicit cigarettes were finding their way into Georgia from Abkhazia, a neighbouring territory occupied by Russia. These findings were quickly disseminated to the key stakeholders, including the Revenue and Customs Service of Georgia and helped inform a targeted approach to addressing the issue. As a result of the KH led study, the tobacco tax reform in Georgia continued with a tax increase and tax simplification, and the customs authorities began to focus their enforcement activities in the bordering Abkhazia region.

One of the most encouraging outcomes of the capacity building program in Georgia is that it has increased the appetite for additional learning. During a subsequent workshop, a custom-made tax model was developed that is now being used by the MoF to continue with its tobacco tax reform.

A list of capacity building products and services provided by the KH can be found here.