

The Persistence of Cigarette Smuggling: The Case of General Santos City, Southern Philippines

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Abstract

Transnational trade and economic integration have intensified exchanges of goods, but they have also exacerbated the rise of illicit activities, including cigarette smuggling, particularly in General Santos City, Southern Philippines. This study examines how regulatory gaps, enforcement limitations, and economic incentives contribute to the persistence of cigarette smuggling in context. Employing a descriptive case study research design, this study integrates archival research and phenomenological inquiry to analyze the structural and institutional factors. The researchers collected primary data through Key Informant Interviews (KII) with law enforcement officials and industry stakeholders' who shared their lived experiences. They obtained secondary data from government reports, and electronic records. Findings indicate that the absence of a localized anti-smuggling ordinance, regulatory capture, and resource constraints among enforcement agencies significantly hinder smuggling deterrence. Additionally, the city's vast coastal geography provides multiple entry points for illicit cigarette shipments, further complicating enforcement efforts. The study underscores the need for a multifaceted response, including local anti-smuggling policies, a specialized task force, and interagency collaboration. Addressing this critical issue requires a strategic, evidence-driven, collaborative approach that aligns with broader national and regional policy frameworks.

Keywords: Cigarette smuggling, Illicit trade, Case study, General Santos city

Introduction

Cigarette smuggling has emerged as a persistent contemporary societal issue in the Philippines, exemplifying challenges that extend beyond economic implications. The illicit tobacco trade poses a multifaceted threat, specifically within the tobacco industry of the country, as the influx of cheap, illegally imported cigarettes saturates the Philippine market. This increased availability makes tobacco products more affordable, potentially driving higher consumption rates and undermining government efforts to regulate tobacco use through taxation (Bagcchi, 2016; Mangaluz, 2023). The Philippine government has historically sought to curb tobacco consumption through legislative measures. In 2012, it enacted Republic Act 10351, commonly known as the Sin Tax Reform Law, to regulate the sale and consumption of tobacco and alcohol products by

imposing higher excise taxes. Despite these legislative measures, cigarette smuggling continues to escalate. Between 2019 and 2023, the Philippine National Police (PNP) seized smuggled cigarettes valued at approximately ₱1.49 billion. In 2024, this number surged, with 321 recorded seizures amounting to an estimated ₱9.19 billion in illicit tobacco products (Fuentes, 2023; Tulad, 2025). Consequently, the Philippine government suffered revenue losses exceeding ₱50 billion in 2024 alone, contributing to a cumulative loss of ₱190 billion over the past four years (Tulad, 2025).

Illicit tobacco traders consistently circumvent established taxation mechanisms and significantly erode potential government revenue that the government could otherwise allocate to public health initiatives and

essential social services. Addressing this issue requires a comprehensive approach integrating stricter enforcement, policy reforms, and regional cooperation to mitigate the economic and public health risks posed by cigarette smuggling. Researchers can examine cigarette smuggling in the Philippines by focusing on General Santos City, a coastal city in the southern island of Mindanao. Globalization, along with the ease of cross-border transportation and access to foreign markets, has intensified cigarette smuggling in this sub-national area. Globalization has facilitated the movement of contraband goods, including smuggled cigarettes, into local markets from neighboring Southeast Asian countries. Given its geographical proximity to General Santos City, Indonesia presents an attractive source for cigarette smugglers, allowing them to acquire tobacco products at lower costs and resell them in the city's market at a significant profit. Since these cigarettes bypass official customs channels, they evade taxation, further fueling the illicit trade (Merriman, 2001; Tsai et al., 2003; Aziani et al., 2020; Singh et al., 2025).

Moreover, the city's strategic location offers multiple entry points for smugglers, who exploit both legitimate and illicit sea routes. In 2018, law enforcement authorities seized smuggled cigarettes worth ₱5 million from Indonesia in General Santos City (Oplas, 2021). By 2020 authorities intercepted an estimated ₱8.9 billion worth of smuggled cigarettes from Malaysia at the city's port. Despite continuous efforts by law enforcement agencies to curb cigarette smuggling, the problem persists. While the Philippine government remains committed to reducing tobacco consumption for public health reasons, it is also concerned about the economic consequences of illicit tobacco imports, which undermine national revenue generation (Austria & Pagaduan, 2018). The persistence of cigarette smuggling carries broader implications, potentially threatening economic stability and governance. Addressing the gaps in existing research, this study critically examines the issue of cigarette smuggling within the context of General Santos City. Specifically, this study answered the following questions:

- Why does cigarette smuggling persist in General Santos City?

- How do the institutional arrangements regulate the persistence of cigarette smuggling in General Santos City?

- What factors facilitate and hinder the implementation of regulatory policies targeting cigarette smuggling in General Santos City?

Through archival and phenomenological qualitative data collection methods, the paper explores the key factors contributing to the persistence of cigarette smuggling and assesses the effectiveness of existing regulatory measures in context.

Review of literature

The tobacco industry often argues that increased cigarette taxes drive higher prices, inadvertently stimulating cigarette smuggling (Lavares et al., 2021). In the Philippines, the Sin Tax Reform Act of 2012 initiated significant excise tax reforms, streamlining the tax system, eliminating price classification freezes, and linking tax rates to counteract inflation. Research by Austria and Pagaduan (2019) highlights the effectiveness of this reform in reducing cigarette consumption and increasing the sensitivity of demand to price changes.

Despite subsequent tax increases under the Tax Reform for Acceleration and Inclusion (TRAIN) Law in 2016 and the Tobacco Tax Law of 2019, which aimed to raise excise taxes to ₱60 per pack by 2023, challenges persist. Notably, the involvement of Mighty Corporation in the illicit tobacco trade in 2017 underscored the ongoing struggle against cigarette smuggling. Despite the Duterte administration's excise tax hikes, the illicit tobacco trade endures. Beginning in 2024 the government introduced an annual indexation of 5%; however, smugglers continue to bypass taxation, making illicit cigarette trade a significant challenge (Merriman, 2001; Tsai et al., 2003; Aziani et al., 2020; Singh et al., 2025).

Economic factors play a critical role in this phenomenon. Aziani et al. (2020) found a strong correlation between increased cigarette prices and consumer preference for smuggled alternatives. Amos and Parry (2001) and Bagcchi (2016) further argue that low-income individuals are more likely to purchase smuggled cigarettes as a cost-effective means to cope with rising prices. Illicit tobacco products, often sold at significantly lower prices, become more accessible to

price-sensitive consumers. The proliferation of informal distribution networks—such as street vendors and unregulated retailers—further exacerbates this issue (Curti et al., 2017; Austria & Villanueva, 2021). Weak enforcement mechanisms also contribute to the persistence of cigarette smuggling in the Philippines. Limited funding for regulatory agencies results in poor staff retention, ineffective anti-smuggling programs, and inadequate preparedness among authorities (Hebbar et al., 2022). Merriman (2019) also points out that smugglers operate like other entrepreneurs, capitalizing on price differentials to generate profit. The susceptibility of government officials to bribery further complicates enforcement. Gauthier and Goyette (2014) and Suber (2023) argue that tax collectors may use their discretionary power to solicit bribes in exchange for tax reductions, facilitating smuggling operations. Bribery within border security and customs agencies enables smugglers to circumvent restrictions and sustain their illicit trade (Ackerman, 1997; Merriman, 2013; Suber, 2023). Additionally, tobacco taxation, implemented through increased cigarette prices, is recognized as one of the most effective public health strategies for reducing smoking prevalence and its associated health consequences. However, this approach has also led to an unintended outcome: a rise in cigarette smuggling, as higher prices incentivize the demand for lower-cost, illicit tobacco products (Bader et al., 2011; Sen, 2017; Prieger & Kulick, 2018).

Rational choice theory explains human behavior as a series of calculated decisions individuals make to maximize personal benefit while minimizing potential costs. This theory assumes that individuals act rationally, assessing the risks and rewards of their actions before choosing the most advantageous path. Criminologists often apply rational choice theory to explain why people engage in unlawful behavior—not out of impulse but as a strategic means to achieve specific goals (Arsovska & Kostakos, 2008).

Rational choice theory offers valuable insight into why individuals and even organized groups engage in such illicit activity in cigarette smuggling. Smugglers recognize the high-profit margins resulting from bypassing tobacco taxes and regulations. Individuals often decide to participate based on a calculated assessment that the financial rewards outweigh the risks of apprehension or punishment. Corrupt protectors,

including complicit law enforcers or public officials, further minimize this risk when they become involved. The presence of such insiders significantly reduces the likelihood of detection and legal consequences. For the actors involved, the protection offered by these authorities effectively lowers the cost side of their decision-making, reinforcing the rationality of engaging in illegal trade.

By applying rational choice theory, it becomes clear that cigarette smuggling is not merely opportunistic but often the result of strategic, profit-driven planning, facilitated by a system of protection that distorts enforcement and accountability.

Although cigarette smuggling occurs nationwide, General Santos City presents a unique case due to its geographical and economic characteristics. As a major trade hub, particularly in maritime commerce, the city's strategic location and well-established port infrastructure create vulnerabilities that facilitate smuggling activities. Reports of seizures are frequent in free port areas, specifically along the coast of Southern Mindanao, particularly the provinces of Zamboanga, Basilan, Sulu, and Tawi-Tawi, where maritime patrols are easily evaded (Lavares et al., 2021). Mindanao, where General Santos City is located, accounts for approximately 52% of illicit cigarette sales in the country. Surveys indicate that Mindanao residents have the highest awareness of illegal cigarette sales, with Bureau of Internal Revenue (BIR) Commissioner Lumagui identifying the region as a hotspot for smuggling (Stratbase Institute, 2024).

The most commonly smuggled cigarette brands in Mindanao include Astro, Canon, Commando, Delta, Famous, Fort, Guiang Baru, New Berlin, Oxford, Premiex, San Marino, Two Moon, and Union (Pangalangan & Ranosa, 2022), according to Bureau of Customs official Cong. Nograles, these brands constitute the bulk of smuggled cigarettes, evading regulatory oversight. The city's socioeconomic diversity and informal trade culture further complicate enforcement efforts, as many residents perceive smuggling as an economic necessity rather than a criminal activity. While cigarette smuggling is a nationwide issue, examining it in the context of General Santos City provides a valuable case study for understanding the structural and economic factors that sustain illicit trade. This localized analysis is crucial for

developing targeted policy responses and enforcement strategies that address the specific vulnerabilities of the region while contributing to broader national efforts to combat cigarette smuggling

This anchors itself in Günter Knieps' Positive Theory of Regulation, which examines how policymakers create, transform, abolish, and implement sector-specific regulations (Knieps, 2015). The application of this theory provides a framework for understanding the motivations and dynamics underlying cigarette smuggling by analyzing the behavior of individuals and organizations, as well as the economic and political determinants influencing their actions. This theory assumes that individuals and organizations act as rational agents seeking to optimize their self-interest

through rational choice. Within this framework, individuals engaged in the illicit cigarette trade primarily do so for monetary gain. Smugglers capitalize on tax evasion and the sale of untaxed cigarettes, allowing them to generate greater profits than those operating within legal channels. Also, it recognizes market failures as a fundamental driver of regulatory intervention. For instance, high excise taxes on cigarettes create price differentials across regions or countries, providing economic incentives for smuggling (Burke, 2013; Aziani et al., 2020). Smugglers exploit these inefficiencies, meeting consumer demand for cheaper tobacco products while circumventing legal market restrictions.

Theoretical framework

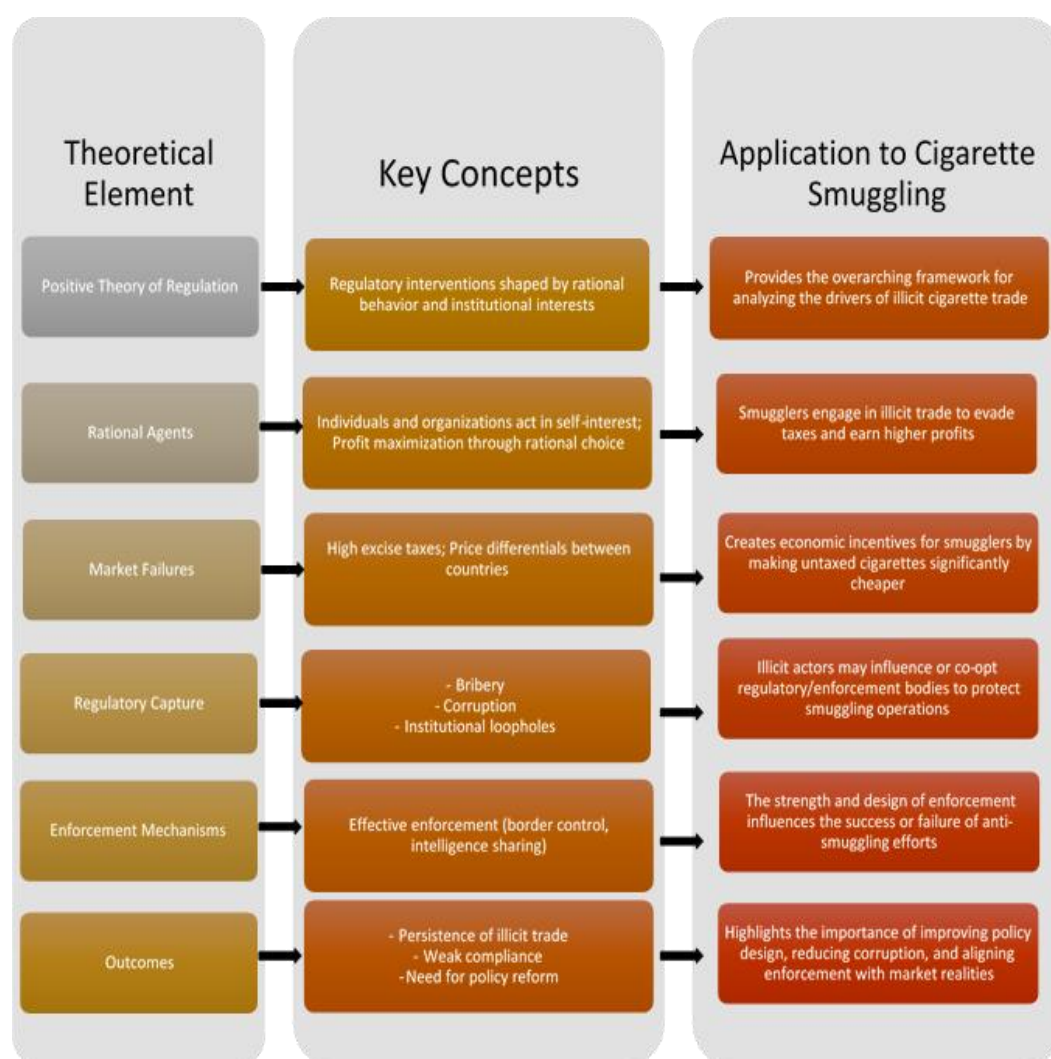


Figure 1 Conceptual diagram

Additionally, the theory acknowledges the risk of regulatory capture, wherein regulated entities exert influence over the regulatory process to serve their interests. In the context of cigarette smuggling, illicit tobacco networks may seek to manipulate, bribe, or co-opt law enforcement agencies, customs officials, and other regulatory bodies to ensure the persistence of their operations (Kupatadze, 2021). Such influence can manifest through bribery, corruption, or institutional loopholes that enable smugglers to evade detection and penalties.

Moreover, the theory underscores the importance of enforcement and deterrence mechanisms in shaping compliance. Effective enforcement measures—such as stricter border controls, enhanced interagency intelligence sharing, and harsher penalties—can act as

deterrents against cigarette smuggling. The theory also differentiates between legal (apprehension, penalties) and extra-legal (bargaining, non-enforcement) sanctions in regulatory enforcement. However, the discretionary power of law enforcement agencies plays a crucial role in balancing enforcement with restraint, ensuring that policies are applied effectively without overreach or abuse of authority. Through the Positive Theory of Regulation, this study provides a structured analysis of how regulatory interventions, economic incentives, and enforcement mechanisms interact to shape the dynamics of cigarette smuggling. This theoretical framework offers valuable insights into the persistence of illicit trade and the potential policy responses necessary to mitigate its impact.

Method

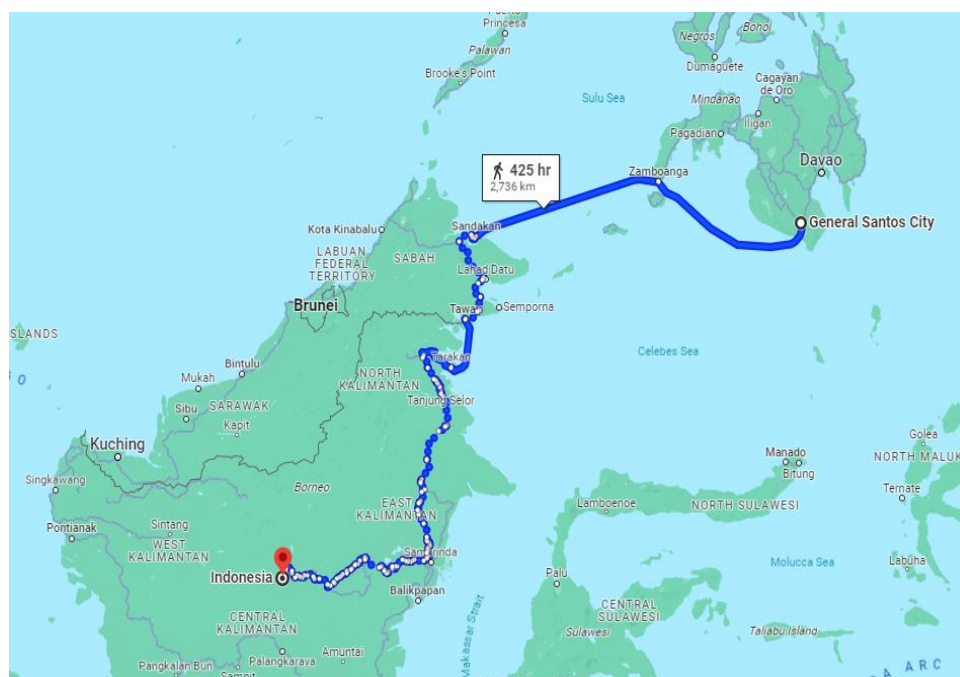


Figure 1 General Santos City's proximity to Indonesia

Source: Google Maps (2023)

This study employs a descriptive case study research design to analyze the persisting dynamics of cigarette smuggling in General Santos City, Southern Philippines. It utilizes two primary qualitative research methods: archival research and phenomenological inquiry. The primary data source for this research is Key Informant Interviews (KII), conducted through face-to-

face interviews with ten (10) key informants who have firsthand lived experiences with cigarette smuggling. Among the informants, eight (8) are members of local law enforcement agencies in the city, while two (2) are small-scale retailers of smuggled cigarettes.

This study employs purposive sampling to select individuals with lived experiences related to cigarette

smuggling in General Santos City. Selection criteria consider affiliations with the tobacco industry, law enforcement agencies, local government units, or organizations dedicated to combating illicit trade. The research team conducted the Key Informant Interviews (KII) using a structured guide questionnaire to assess policy implementation and enforcement efforts related to the illegal importation of cigarettes. The interview guide is developed in English and translated into Bisaya/ Cebuano, recognizing its widespread use in General Santos City. The questionnaire undergoes expert review and validation by three (3) political science and public administration scholars from the academe to ensure reliability and validity.

In addition to interviews, this study incorporates archival research by analyzing publicly available materials, such as news articles and reports on cigarette smuggling. This method supplements the primary data and provides broader contextual insights into smuggling trends and law enforcement responses. All informants are provided with an Informed Consent Form (ICF) before the interviews, ensuring voluntary participation while upholding ethical research standards (Millum & Bromwich, 2021). The researchers strictly maintained confidentiality and data privacy throughout the study. Data collected from interviews are transcribed in Bisaya/Cebuano and translated into English for analysis. The study employs qualitative thematic analysis and qualitative content analysis to examine the findings. Thematic analysis (Braun & Clarke, 2022; Konstantinos, 2024) is applied to key informant responses, enabling the identification and interpretation of recurring themes related to cigarette smuggling. The researchers conducted content analysis on publicly available records, primarily sourced from news media and archival materials. The researchers cross-referenced findings from thematic analysis with content analysis of reported cigarette smuggling incidents from 2020 to 2025.

The Positive Theory of Regulation serves as the study's theoretical lens, guiding the interpretation of informants' lived experiences about regulatory measures and law enforcement frameworks. This approach evaluates whether existing regulations are driven by public interest objectives or shaped by regulatory capture. Utilizing qualitative inquiry with theoretical analysis, this study provides an in-depth

understanding of the persistence of cigarette smuggling in General Santos City and its broader implications for policy and enforcement.

Results

A. Persistence of cigarette smuggling in general santos city

The Philippines' archipelagic nature is a significant factor in the persistence of cigarette smuggling. As a Southeast Asian country near major Asian economies, the Philippines serves as a key hub and transit point for numerous illegal transactions. The country's extensive coastline and numerous islands create regulatory challenges, making it easier for smugglers to evade taxation (Schoenhard, 2010; Philippine Center on Transnational Crime, 2015; Bonnier, 2023). Since 2009, the Philippines has been identified as a hotspot and transshipment hub for smuggled cigarettes (Hofileña, 2009). General Santos City strategically positions itself near Tawi-Tawi, adjacent to Malaysia, and forms part of the SOCCSKSARGEN region, which lies close to Indonesia. Indonesia, a major producer and exporter of low-cost cigarettes, plays a significant role in the illicit tobacco trade. The potential for high market profits in General Santos City makes it an attractive destination for smugglers, who exploit the city's strategic location and porous borders by using various modes of transportation, particularly sea routes. These cross-border activities are prevalent in Indonesian border regions, including those between Indonesia and the Philippines (Ramadhan et al., 2018; Transnational Alliance to Combat Illicit Trade, 2023; Escosio, 2025). Cigarettes exported from Indonesia through ports such as Nunukan and Tarakan are often declared for export to the Philippines without registration with the Philippine Bureau of Internal Revenue (BIR), a mandatory requirement for legal sale in the country (Transnational Alliance to Combat Illicit Trade, 2023).

On March 30, 2024, personnel from the Sarangani Provincial Police Office, General Santos City Police Office, and Glan Municipal Police Station intercepted a major cigarette smuggling operation. Law enforcement officials seized ₱21 million worth of smuggled cigarettes in Glan, Sarangani, a municipality bordering General Santos City. Local authorities and media reported that buyers and suppliers in Sarangani and

General Santos City were the intended recipients of the 1,075 cases of Indonesian cigarettes. Smugglers use island municipalities in Sulu and Tawi-Tawi, located within the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM), as critical transshipment points. Tausug and Sama seafarers operate maritime routes that smuggle contraband tobacco products from Indonesia through these areas, which serve as entry hubs. The region's porous borders and weak enforcement mechanisms allow these smuggling networks to continuously transport illicit cigarettes into the General Santos market (Unson, 2024).

A key informant from a law enforcement agency provided insight into the geographical factors that facilitate cigarette smuggling in General Santos City:

“ Smuggled cigarettes often originate from Indonesia and Malaysia, entering the Philippines through less regulated routes. Typically, these illicit goods go to the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM) , specifically Basilan, Tawi-Tawi, and Zamboanga. The Philippines acts as a backdoor to Southeast Asian countries, including Malaysia and Indonesia. The archipelagic nature of the Philippines, with its multitude of islands and proximity to Indonesia and Malaysia, significantly contributes to the ease with which smuggled cigarettes infiltrate the country.”

Thus, General Santos City's proximity to Indonesia fosters an environment conducive to cigarette smuggling, intensifying the difficulties in curbing illicit operations. Augmenting these findings, Escosio (2025) noted that members of the Association of Southeast Asian Nations must work collectively to combat the spread of illegal tobacco trade. While local law enforcement in the Philippines is making great strides to address illicit tobacco operations, most non-compliant cigarettes in the Philippines originate from ASEAN countries, India, and China. This emphasized the need for a regional and holistic approach to address the persisting crisis in the region (Transnational Alliance to Combat Illicit Trade, 2023; Escosio, 2025).

The impact of globalization, particularly in the expansion of international trade and the global

economy, further complicates this issue. While international trade enhances economic and societal interconnectedness, it facilitates illicit trade and cigarette smuggling. International trade plays a critical role in the rise of cigarette smuggling by creating channels that are often difficult to monitor and regulate. The growth of global commerce has resulted in a vast and complex network of supply chains, shipping routes, and border crossings, which illicit traders can exploit. Free trade zones (FTZs), where authorities provide minimal customs oversight, play a key role in facilitating the export of goods. While meant to encourage economic activity, these zones often lack strict regulatory controls, making them ideal for smugglers to conceal the origins of tobacco products or misdeclare shipments. This weak enforcement enables the movement of contraband cigarettes across borders with relative ease.

Moreover, international trade facilitates tax evasion opportunities, where tobacco products are smuggled from low-tax countries into high-tax markets to maximize profits. Smugglers take advantage of inconsistent tobacco regulations and price disparities between nations, allowing them to undercut legal markets and avoid duties or taxes. The high volume and speed of global shipping make it nearly impossible for customs authorities to thoroughly inspect every shipment, especially when smugglers hide illicit goods among legitimate products. These loopholes in the global trade system have allowed the illicit tobacco market to thrive, undermining public health policies, depriving governments of tax revenues, and funding organized crime networks (Bayly et al., 2024).

General Santos City's coastal geography makes it vulnerable to global trade networks, increasing legal and illegal economic activities. Statistical data analyzed from the reported cases of seized smuggled cigarettes confirm that this illegal trading activity in General Santos City is persistent, reflecting the comprehensive implications of the illicit tobacco trade in the sub-national region of the Philippines.

Table 1 The reported cigarette smuggling in General Santos City from 2020-2025

Year	Est. Value	Remarks
2020	₱8.9-M	Two hundred seventy-one (271) boxes of smuggled cigarettes composed of Gudang Baru and fake Mighty brand were seized by Law enforcement Officers from a Chinese national in a house along Jerusalem Street, Oringo Subdivision in Barangay City Heights, General Santos City
2021	₱2.3-M	Eight-four (84) boxes of smuggled cigarettes from Indonesia were seized by Law enforcement Officers at General Santos City
	₱1.9M	Forty (40) boxes of Indonesian made Gudang Baru smuggled cigarettes through the Sub-port of Dadiangas of General Santos City were seized by Law enforcement Officers
2022	₱747-K	One thousand three hundred fifty-three (1,353) reams of smuggled cigarettes from Indonesia were seized by Law enforcement Officers at General Santos City
	₱420K	Smuggled cigarettes from Indonesia, seized at Phase B, Public Market, Barangay Dadiangas South, General Santos City
2023	₱600K	One thousand three hundred sixty-eight (1,368) reams of assorted smuggled cigarettes from Indonesia, were seized by Law Enforcement Officers of General Santos at Polomok, South Cotabato
	₱9.1-M	Seventeen thousand (17,000) reams of smuggled “Fort” brand cigarettes seized loaded in 3 closed van vehicles at a military checkpoint in Barangay Bawing
	₱21 M	Police Regional Office-12 seized One thousand seventy-five (1,075) cases of cigarettes from Indonesia in an anti-smuggling operation in Glan, Sarangani, a nearby municipality of General Santos City
2024	₱42K	Undocumented cigarettes during a buy-bust operation at a public market in General Santos City
	₱4-M	Two thousand two hundred sixty (2,160) reams, one thousand four hundred (1,400) packs of Gudang Baru, and a firearm were seized by the Law enforcement officers along Diversion Road, Barangay Sinawal, General Santos City
2025	₱15,000	General Santos City Maritime Police Station (MARPSTA), Regional Maritime Unit 12 STG Plutus, PS10 GSCPO, and the Bureau of Customs seized eco bags containing smuggled brands such as Gaja Baru, Cannon Menthol, Fort, King Perfect, and Duo Menthol

Sources: (Receunco, 2020; Gubalani, 2021; Bureau of Customs, 2021; Gubalani 2022; Brigada News, 2022; Bureau of Customs, 2023; Jubelag, 2023; Bureau of Customs, 2023; Sunstar Philippines, 2023; Philippine National Police Maritime Group, 2024; Anaten, 2025; Philippine National Police Maritime Group, 2025)

To further consolidate the present status quo, an informant from the law enforcement agencies in General Santos City described the alarming situation regarding cigarette smuggling:

“Currently, it is awful because you can hardly find locally produced cigarettes like Mighty and Marlboro in local stores. You rarely see them now. Those who can afford it are the ones who buy what is available in the market. They are not widely available anymore because, you know, local producers or manufacturers are at a loss. The prices of their cigarettes are high, while smuggled cigarettes are sold as is.”

The ease of transport has fueled the expansion of the black market in General Santos City, posing significant challenges for regulatory authorities in maintaining market integrity and suppressing illegal trade. A clear correlation exists between increased

cigarette prices and the likelihood of consumers purchasing cheap, smuggled cigarettes (Tsai et al., 2003; Bagcchi, 2016; Aziani et al., 2020).

The increased taxation on legally sold cigarettes is a key driver behind the widespread prevalence of smuggled cigarettes in General Santos City. During the administration of President Benigno Aquino III, the Republic Act (RA) 10351, known as the Sin Tax Law of the Philippines, was enacted in 2013 to restructure the taxation system on alcohol and tobacco products. Subsequently, in 2016, the Republic Act 10863, or the Customs Modernization and Tariff Act (CMTA), was passed to modernize Bureau of Customs (BOC) regulations, facilitate trade, reduce red tape, and combat corruption. Policymakers intended higher taxes to generate greater revenue and deter tobacco consumption; however, the Sin Tax Law has contributed

to an increase in the illicit cigarette trade, resulting in unintended economic consequences (Orzaes, 2022).

To supplement this argument, socioeconomic factors play an important role in influencing consumers' choices. Price-sensitive smokers with lower incomes are more likely to purchase smuggled cigarettes rather than expensive, legally taxed ones (Hyland et al., 2005; Lee et al., 2008; Bagcchi, 2016; Aziani et al., 2020). Smuggled cigarettes, which evade taxation, are significantly cheaper, making them an economically attractive option for this demographic. A retailer selling smuggled cigarettes in General Santos City confirmed this trend:

“Yes, because the price of our local cigarettes has increased. Mighty, when I started selling it in 2019, was around three pesos per pack. However, now, due to the significant increase in taxes, it is around seven pesos, so it has doubled in just... three years, right? So, it has increased from three to five. Now, it is around seven pesos per pack. Compare that to smuggled cigarettes, which are only around 2.50 pesos. With your seven pesos, you can buy three packs of smuggled cigarettes. So, imposing that high tax indeed has a significant impact.”

In addition to demand-side factors, the informal retail sector, particularly sari-sari stores, plays a crucial

role in the persistence of cigarette smuggling in General Santos City. These small neighborhood stores and street vendors, serve as informal distribution channels, increasing the availability of smuggled cigarettes (Austria & Villanueva, 2020; Ortíz-Prado et al., 2022). Due to their decentralized and less regulated nature, these vendors have become key players in the distribution of illicit tobacco products, in contrast to legally produced and sold cigarettes, which are subject to stricter government regulations and oversight.

Research indicates that informal retailers openly sell smuggled cigarettes, making them a widespread and accessible option for local consumers (Yurekli & Zhang, 2000; Darici, 2023).

One essential condition that enables cigarette smuggling is the presence of suppliers and an informal market where retailers can distribute illicit goods (Merriman et al., 2000; Singh & Lasmar, 2024). Smugglers exploit these networks, forging connections with sari-sari store owners who readily stock and sell smuggled cigarettes alongside legitimate products. This informal retail network, in turn, facilitates the continuous influx of smuggled cigarettes, further embedding them within the local market.



Figure 2 Institutional arrangement of agencies combating cigarette smuggling

Source: Law Enforcers (Conceptualized by Researchers)

B. Institutional arrangement that regulates cigarette smuggling

The theoretical implications of the Positive Theory of Regulation are evident in the institutional arrangements designed to address cigarette smuggling in General Santos City. Prior research highlights the high-ranking officials and politicians in countries such as Paraguay, Montenegro, and Belarus participate in illicit cigarette trade networks by protecting or even managing smuggling operations for personal and political gain (Gomis et al., 2018; Melzer & Martine, 2016). Similarly, systemic corruption in Georgia and Armenia, where bribery within state institutions is pervasive, has contributed to the persistence of cigarette smuggling (Remeikienė et al., 2020). These findings align with the Positive Theory of Regulation, which posits that individuals and organizations act as rational agents seeking to optimize their self-interest through rational choice mechanisms.

Within this framework, the trading of illicit cigarettes thrives due to economic and political incentives. Smugglers maximize profits by evading taxes and distributing untaxed cigarettes at lower prices. Moreover, regulatory capture can occur when state actors, including law enforcement agencies, customs officials, and other governing bodies, are co-opted or influenced by illicit networks. In such instances, regulatory bodies may selectively enforce policies or engage in non-enforcement practices, thus facilitating the continuation of the illegal trade. The Positive Theory of Regulation further explains the interplay between legal (e.g., apprehension and penalties) and extra-legal (e.g., bargaining and non-enforcement) mechanisms in shaping compliance with regulations. However, given the significant discretion exercised by law enforcement agencies, there exists a risk of exceeding or abusing regulatory powers.

Addressing cigarette smuggling necessitates a multi-layered, collaborative institutional strategy. The Bureau of Customs (BOC) serves as the principal enforcement agency implementing customs laws and regulating the import and export of goods, including tobacco products. Under Republic Act (RA) 10863, also known as the Customs Modernization and Tariff Act, the BOC is mandated to prevent and suppress smuggling, enforce customs laws, and monitor

international trade flows. Seized contraband cigarettes are turned over to the BOC for verification and inventory. The Local Government Unit (LGU) of General Santos City plays a complementary role by coordinating with national agencies, providing logistical support, and ensuring that local ordinances align with national anti-smuggling efforts.

The Philippine Coast Guard, General Santos City Police Office (GSCPO), Regional Maritime Unit 12, and the Philippine Navy contribute to enforcement by conducting maritime and land-based operations. The Philippine Navy and Coast Guard use seaborne patrols to monitor smuggling routes, while the Regional Maritime Unit 12 supports intelligence-driven interdictions. The GSCPO enforces border control measures and inspections through checkpoints, aiming to disrupt smuggling supply chains. These agencies collaborate through intelligence-sharing initiatives to enhance enforcement effectiveness.

The Positive Theory of Regulation suggests that individuals and institutions shape institutional inefficiencies in enforcement through rational choices aimed at maximizing self-interest, rather than these inefficiencies resulting solely from resource constraints or weak legal frameworks. Regulatory capture remains a persistent risk, wherein law enforcement personnel may accept bribes or engage in collusive agreements that facilitate the illicit cigarette trade. Such vulnerabilities underscore the need to strengthen institutional transparency, implement anti-corruption mechanisms, and enhance oversight structures to mitigate regulatory capture.

Guided by this analysis, examining the regulatory landscape through the lens of the Positive Theory of Regulation, it becomes evident that a holistic and integrity-driven institutional response is required to address the persistence of cigarette smuggling in General Santos City. Strengthening inter-agency collaboration, fortifying anti-corruption safeguards, and ensuring the accountability of enforcement bodies are imperative measures for dismantling illicit trade networks and maintaining market integrity.

C. Hindering and facilitating factors affecting the implementation of regulatory policies

Community involvement plays a crucial role in facilitating the implementation of regulatory policies. Based on the findings of this study, strong police-community relationships enhance law enforcement's ability to understand public concerns, particularly those related to crime. In such environments, individuals are more likely to report incidents, share knowledge, provide testimony, and participate in legal proceedings. Community cooperation enables law enforcers to monitor suspicious activities, particularly in coastal areas where illicit trade is more prevalent. The intelligence gathered from the community serves as a valuable resource for law enforcement agencies, allowing for the swift investigation of illegal activities. This active engagement fosters a sense of shared responsibility, encouraging public participation in combating cigarette smuggling in General Santos City.

Inter-agency collaboration is another key factor reinforcing the effectiveness of regulatory policies against cigarette smuggling. Effective coordination among law enforcement agencies strengthens operations against smuggling (Gonzales, 2023). In General Santos City, the Bureau of Customs (BOC), Philippine Coast Guard, Armed Forces of the Philippines, Regional Maritime Unit Region XII, and the General Santos City Police Office engage in information-sharing initiatives. This collaborative approach enables a comprehensive understanding of smuggling operations and enhances the implementation of regulatory measures. According to the sector commander of the Enhanced Security Service of the BOC, the Sangguniang Panglungsod has convened multiple sessions with these agencies to facilitate timely information exchanges on cigarette smuggling. Proper coordination with relevant agencies is essential to curtail city smuggling activities.

However, the extensive coastal area of General Santos City poses a significant challenge to enforcing regulatory policies. The city's vast coastline provides opportunities for illicit activities, allowing smugglers to exploit difficult-to-monitor sea routes. Various smuggling methods exist, making it one of the most lucrative illegal ventures in the Philippines (Pamintuan, 2005; Transnational Alliance to Combat Illicit Trade 2023). The porous nature of these coastal areas complicates stringent regulatory enforcement as

authorities struggle to maintain consistent surveillance (Tsighe & Hailemariam, 2018; Bruwer, 2020). This geographical factor facilitates the movement of smuggled cigarettes, making it challenging for regulatory bodies to detect, monitor, and prevent illicit trade. A key informant from a law enforcement agency highlighted this difficulty:

“In a sense, we have a wide coastal stretch. Due to its breadth, it is challenging to determine where things might enter. It spans from Batulaki in Glan, Sarangani Province, to Maitum, which is expansive. Our maritime water assets consist of only three high-speed tactical watercrafts.”

Despite the important role of law enforcement, corruption among some officers significantly undermines regulatory efforts. Although law enforcers maintain internal security, riot control, and community engagement (Singh, 2022), some individuals actively protect illicit activities. This phenomenon, called “regulatory capture,” occurs when government officials manipulate institutions to serve private or criminal interests (Karklins, 2005; Kupatadze, 2021). In such cases, law enforcers and other authorities facilitate illegal activities rather than prevent them.

Researchers have identified regulatory capture as a contributing factor to the persistence of cigarette smuggling in General Santos City. A report from the *Manila Bulletin* revealed that Police Brigadier General Jimili Macaraeg ordered an investigation into Police Corporal Nur Asdain, stationed at the police regional headquarters, for allegedly protecting smuggling activities (Jubelag, 2023). In February 2025, law enforcement officers intercepted a cigarette smuggling operation, seizing illicit tobacco products and arresting four individuals, including a member of the Philippine Coast Guard and an officer from the Highway Patrol Group (HPG). The operation followed a high-speed pursuit after the suspects evaded a police checkpoint, nearly colliding with officers. Upon inspection, authorities discovered multiple boxes of *Baru*-branded cigarettes from Indonesia, valued at approximately ₱1 million (Anaten, 2025; Mamac, 2025; Unson, 2025). This incident underscores the involvement of law enforcement personnel in smuggling activities, further complicating regulatory enforcement.

An informant from a law enforcement agency affirmed the presence of corruption within regulatory bodies:

“To be honest, some of the law enforcement officials are protectors. So now, the operations are really in full swing. I just hope these scoundrels will be sanctioned, but I do not think they will be gone.”

Although law enforcement agencies design operations to combat smuggling, certain legal constraints hinder their effectiveness. One of the primary limitations is the requirement for a search warrant before conducting operations. Although this legal safeguard is essential for protecting citizens' rights, it paradoxically delays immediate intervention, allowing smugglers to evade capture. Additionally, the plain-view doctrine restricts law enforcers from conducting thorough searches during vehicle checkpoints. According to the Philippine Laws and Jurisprudence Databank, the plain-view doctrine applies when: (a) *the law enforcement officer has a prior justification for intrusion*, (b) *the discovery of evidence is inadvertent*, and (c) *the item observed is immediately apparent as contraband*. While these regulations aim to enhance monitoring, they also provide loopholes smugglers exploit by adapting their techniques.

A scarcity of resources, including personnel and equipment, further hampers the effectiveness of regulatory policies against cigarette smuggling. The limited workforce prevents law enforcement agencies from conducting comprehensive investigations and coastal surveillance. Since smuggling routes predominantly involve maritime transport, a greater deployment of personnel and assets is necessary. However, law enforcement agencies in General Santos City face significant understaffing issues. Moreover, the inadequate availability of specialized equipment, such as high-speed patrol boats, limits the authorities' capacity to detect and intercept illicit trade. According to Rogel E. Julio, Sector Commander of the Bureau of Customs – General Santos City's Enforcement and Security Services, there is a critical shortage of personnel and equipment to combat smuggling effectively. The lack of motorboats concerns law enforcement, as smugglers use faster and more powerful vessels that outmatch those available to authorities.

Expanding on this point, the implementation of regulatory policies against cigarette smuggling in

General Santos City is influenced by both facilitating and hindering factors. Community involvement and inter-agency collaboration enhance enforcement efforts, while geographical challenges, corruption, legal constraints, and resource limitations significantly impede regulatory effectiveness. Addressing these hindrances requires increased inter-agency cooperation, stricter oversight of law enforcement personnel, legislative reforms to facilitate swift interventions, and enhanced resource allocation for surveillance and enforcement operations. Only through a multifaceted approach can regulatory policies be effectively implemented to curb cigarette smuggling in the region.

D. Absence of city ordinances

Effectively combating cigarette smuggling in General Santos City requires a robust legal framework that includes comprehensive public policies, regulations, and municipal ordinances. A well-defined legal structure serves as a deterrent to illicit trade and empowers law enforcement agencies to take decisive action against individuals and businesses engaged in cigarette smuggling. Upon further investigation, this study found that General Santos City has not enacted a specific ordinance to address and prevent the illegal importation of cigarettes. To verify this finding, the researcher employed multiple strategies to confirm the information provided by law enforcement informants. The research team conducted a visit to the Records Division of the Sangguniang Panglungsod (City Legislative Council) of General Santos City to examine the city's legislative records, including memoranda and municipal ordinances. The review of official records revealed that the only existing regulation concerning the sale and distribution of cigarettes in the city is Ordinance No. 6, Series of 2015, commonly referred to as the Anti-Smoking Ordinance. However, this ordinance primarily prohibits smoking in enclosed public spaces, whether publicly or privately owned, and does not address smuggling or illicit trade. Moreover, law enforcement agencies in the city currently rely solely on the Republic Act (RA) 10863, also known as the Customs Modernization and Tariff Act (CMTA), in addressing cigarette smuggling. This finding underscores a significant gap in the local legal framework. Without a dedicated city ordinance, General Santos City lacks a regulatory mechanism tailored to its specific smuggling

challenges. The absence of a municipal ordinance leaves enforcement agencies with limited authority and resources to implement localized interventions, necessitating greater reliance on national policies that may not fully address the city's contextual realities.

Discussions

This study employed thematic analysis to examine the lived experiences of informants in the context of cigarette smuggling. The analysis involved a systematic coding process, beginning with open coding to identify initial categories from the interview transcripts, followed by axial coding to organize these into broader thematic patterns. Through this process, the study uncovered recurring themes that explain the persistence of cigarette smuggling and highlighted the challenges law enforcement agencies face in General Santos City, Philippines. The findings reveal that the geographical location of General Santos City, combined with increased taxation and the price disparity between smuggled and legally manufactured cigarettes, significantly contributes to the persistence of illicit trade. Additionally, resource constraints, particularly human resources and equipment shortages, have hindered effective enforcement efforts, allowing smuggling operations to thrive. Furthermore, limitations in law enforcement policies and the presence of regulatory capture further exacerbate the issue, undermining regulatory efforts. This study unpacks the underlying factors and structural barriers to enforcement through content analysis, providing valuable insights into the complexities of cigarette smuggling in the city.

1. Persistence of cigarette smuggling in general santos city

The pervasiveness of cigarette smuggling in General Santos City, Philippines, can be attributed to various factors. First, the city's geographical location, being situated in a strategic area with a port and close proximity to Indonesia, a major tobacco-producing country, contributes to the proliferation of smuggled cigarettes. The open seas and their vastness allow smugglers to sneak these cigarettes into the city while successfully evading tax responsibilities. Cigarette smuggling has persisted as a longstanding issue in General Santos City. News reports regularly document instances where law enforcement agencies seize

contraband cigarettes from different barangays. This pattern highlights the enduring nature of the issue, indicating its sustained prevalence and resilience over time. Despite efforts to curb smuggling activities, the persistent recurrence of such incidents underscores the ongoing challenges authorities face in combating the illicit tobacco trade within the locality.

While the enactment of RA 10863, also known as the Customs Modernization and Tariff Act, aims to curb cigarette smuggling, it has had unintended consequences. The higher taxes imposed under the law have increased the price of legally manufactured cigarettes. As a result, consumers tend to seek more affordable alternatives, creating a demand for smuggled cigarettes in the city's market. This increased demand for cheaper options has fueled the illicit trade, as smuggled cigarettes are available at significantly lower prices due to tax evasion. Consequently, General Santos City's market has become increasingly saturated with smuggled cigarettes, undermining the objectives of the legislation and presenting significant challenges for law enforcement agencies tasked with addressing the issue.

Consumer demand is vital in encouraging informal retailers to sell smuggled cigarettes. Due to the increased price of legally manufactured cigarettes—caused by the Sin Tax Law and the Customs Modernization and Tariff Act—retailers have capitalized on the opportunity to sell smuggled cigarettes and remain competitive. Moreover, despite being aware of the illegitimacy and unlawfulness of smuggled cigarettes, many informal retailers continue to engage in the trade due to its profitability. This resilience stems from high-profit margins, a reliable supply chain, and persistent market demand. These factors drive informal retailers to continue selling contraband cigarettes despite legal and regulatory risks (Allegra, 2021). In General Santos City, retailers serve as key facilitators in the cigarette smuggling trade.

Despite the illegal nature of selling smuggled cigarettes, smugglers and retailers have demonstrated resilience in their operations. The substantial profits generated by the trade sustain its resilience. Retailers capitalize on the price difference between smuggled cigarettes and legally manufactured ones to compete in the market. Although engaging in this business carries inherent risks, the financial incentives often outweigh the potential legal consequences. This dynamic

illustrates the complex interplay between economic incentives and regulatory challenges in combating cigarette smuggling in General Santos City.

2. Hindering and facilitating factors affecting the implementation of regulatory policies

The active involvement of residents plays an important role in supporting law enforcement efforts to monitor smuggling activities while fostering a collective sense of responsibility for community well-being. When citizens actively share intelligence and collaborate with authorities, they establish a vigilant network to prevent illicit activities. This partnership enhances the effectiveness of law enforcement operations, as community members become valuable sources of real-time information on suspected smuggling activities. Interagency cooperation in sharing information, resources, and expertise strengthens a unified approach to addressing smuggling, effectively mitigating vulnerabilities that smugglers exploit. This expanded collaboration bolsters the operational capacities of participating agencies and conveys a strong message that combating cigarette smuggling requires a coordinated and sustained effort. A united front among enforcement agencies ensures a more systematic and enduring response to illegal activities in the city.

The geographical characteristics of General Santos City, especially its extensive coastline and proximity to Indonesia, create strategic opportunities for smugglers to transport and distribute illicit cigarettes. The vast and intricate nature of the coastal landscape enables smugglers to navigate the region, discreetly avoiding detection by law enforcement. These geographical challenges underscore the need for adaptive and comprehensive regulatory frameworks that account for the complexities of smuggling operations. Furthermore, regulatory capture undermines enforcement mechanisms, allowing corruption to facilitate the persistence of illicit trade. Even with stringent regulatory policies, loopholes persist due to the corrupt practices of certain law enforcement officials and government authorities. Smugglers often establish alliances with individuals in positions of power who either overlook their illegal activities or actively aid them. This collusion enables smugglers to circumvent legal and regulatory barriers, ensuring a continuous influx of contraband goods. The influence of these

protectors highlights the urgent need for rigorous anti-corruption measures within law enforcement and other authoritative institutions. Strengthening regulatory safeguards is essential to ensure enforcement initiatives remain uncompromised and effectively suppress illicit activities in the city.

While law enforcement policies are critical mechanisms for implementing anti-smuggling measures, their limitations can impede their effectiveness. A notable example is the Plain View Doctrine, commonly employed at checkpoints. Although this doctrine allows authorities to seize illicit goods that are visibly apparent, its limitation—relying solely on visual inspection—enables smugglers to conceal contraband within vehicles, making detection more difficult. This constraint highlights the necessity for more sophisticated and technology-driven inspection methods to enhance the capacity of law enforcement agencies in identifying and intercepting smuggled cigarettes.

Policy recommendations

1. Formulating and enacting a comprehensive local anti-smuggling ordinance

Local authorities must implement an anti-smuggling ordinance in General Santos City to address the area's distinct socioeconomic and geographical characteristics, which the national law, Republic Act (RA) 10863, may not adequately cover. A localized strategy allows a more nuanced understanding of regional smuggling routes, community dynamics, and economic concerns. Furthermore, enacting a specific local law demonstrates the city's proactive stance in addressing the issue, fostering a collective sense of accountability and enabling more effective enforcement mechanisms. By integrating this local initiative with national efforts, General Santos City can contribute to a more comprehensive and coordinated approach to combating the illegal importation of cigarettes within its jurisdiction.

2. Establishing a localized and specialized anti-smuggling task force

A dedicated anti-smuggling task force in General Santos City, focused exclusively on monitoring and preventing cigarette smuggling, is crucial. This specialized unit should consist of experts from law

enforcement, customs, public health, and legal sectors, utilizing a multidisciplinary approach to tackling the complexities of tobacco smuggling. The task force would optimize enforcement operations, consolidate resources, and facilitate the exchange of specialized knowledge, ensuring a more efficient and coordinated response. While existing agencies such as the Bureau of Customs and local law enforcement units address various forms of illegal trade, their broad mandates often limit their capacity to focus specifically on cigarette smuggling. Smugglers continuously adapt their methods and exploit regulatory loopholes, necessitating the creation of a task force with exclusive jurisdiction over tobacco smuggling. This dedicated unit would enable authorities to monitor smuggling patterns more effectively and implement targeted enforcement strategies.

3. Combating corruption and strengthening intelligence sharing through whistleblower incentives

An anti-smuggling strategy must prioritize intelligence gathering, public engagement, and inter-agency cooperation. Encouraging citizens to report suspicious activities, including corrupt practices within law enforcement and government agencies, is vital in dismantling smuggling networks. Implementing a whistleblower reward system for individuals providing credible and actionable intelligence will enhance transparency and accountability in enforcement efforts. Additionally, strengthening partnerships between national and local anti-corruption bodies will facilitate intelligence-sharing and joint investigations, mitigating the influence of corrupt officials involved in smuggling operations. Fostering a culture of collective responsibility and integrity, General Santos City can establish a unified front against smuggling, making illicit operations increasingly difficult to sustain.

4. Enhancing resource allocation for effective enforcement

Addressing resource deficiencies is critical to strengthening the enforcement capabilities of regulatory bodies tasked with combating cigarette smuggling in General Santos City. Limited human resources, logistical support, and specialized equipment often undermine the effectiveness of anti-smuggling

initiatives. Expanding personnel capacity will allow authorities to conduct thorough investigations and surveillance operations. Furthermore, investing in advanced surveillance technologies, such as coastal radars, unmanned aerial vehicles (UAVs), and real-time data analytics, is necessary to enhance border security and improve detection capabilities. The availability of specialized maritime patrol vessels and enhanced inspection tools for inland checkpoints would bolster enforcement efforts. Additionally, providing continuous training in smuggling detection, investigative procedures, and anti-corruption protocols will ensure that personnel remain adept in countering emerging smuggling tactics.

5. Strengthening regional and holistic cooperation

Given the transnational nature of cigarette smuggling, regional collaboration within the Association of Southeast Asian Nations (ASEAN) is imperative. Establishing a regional anti-smuggling framework will promote compliance with market regulations, harmonize transit country policies, and expand cooperation beyond customs authorities. To achieve this, ASEAN member states must prioritize intelligence-sharing agreements, coordinated enforcement measures, and policy harmonization to counter illicit trade networks operating across borders effectively. Moreover, addressing corruption and regulatory capture within law enforcement agencies requires the implementation of robust oversight mechanisms and accountability frameworks. Ensuring that regulatory bodies operate with integrity and efficiency is essential in dismantling protection networks that enable smuggling operations. A comprehensive anti-smuggling strategy must integrate local, national, and regional efforts, leveraging technological advancements, enhanced resource allocation, and strong anti-corruption measures. By adopting this multi-faceted and collaborative approach, General Santos City and its partners can effectively disrupt illicit cigarette trade networks and reinforce the rule of law.

Conclusion

Addressing the persistent issue of cigarette smuggling in General Santos City requires a comprehensive, adaptive, and multi-sectoral strategy that accounts for geographical, economic, and institutional complexities. While the Bureau of Customs, in coordination with the Local Government Unit (LGU) and various law enforcement agencies, provides an institutional framework to combat smuggling, several structural challenges persist. The expansive coastal landscape, operational constraints on law enforcement, and the presence of individuals engaged in regulatory capture continue to facilitate illicit trade. These challenges underscore the urgent need for robust regulatory mechanisms, improved inter-agency coordination, and targeted efforts to eliminate institutional vulnerabilities perpetuating smuggling networks. This study addresses an important research gap by examining the unintended consequences of cigarette taxation, specifically its role in reinforcing smuggling activities. This research contributes to the academic discourse on illicit trade, regulatory efficacy, and enforcement strategies. The findings provide insights for policymakers, law enforcement agencies, and future researchers, facilitating evidence-based policy formulation and enforcement strategies tailored to the city's unique socioeconomic and geographic realities. Additionally, the study offers a comparative framework for examining smuggling patterns in other regions or countries facing similar illicit trade dynamics.

The necessity of addressing cigarette smuggling in General Santos City extends beyond economic concerns to encompass public health, fiscal stability, and sustainable development. The proliferation of smuggled cigarettes undermines public health initiatives, erodes government revenues, and distorts the formal market economy, ultimately impeding developmental and governance objectives. Given these far-reaching consequences, immediate and decisive policy interventions are imperative. Strengthening enforcement mechanisms, enhancing inter-agency intelligence-sharing, and dismantling corruption networks are crucial to disrupting illicit trade and ensuring long-term regulatory effectiveness. Prioritizing the resolution of cigarette smuggling in General Santos City, policymakers can fortify economic stability, protect public welfare, and uphold the integrity of

governance institutions. Addressing this pressing issue requires a strategic, evidence-driven, collaborative approach that aligns with broader national and regional policy frameworks. Through sustained commitment and targeted regulatory reforms, General Santos City can serve as a model for combating illicit trade, reinforcing its role in strengthening economic resilience and public sector accountability.

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