



TACKLING ILLICIT TRADE ON OUR HIGH STREETS

Insights and outcomes from the
North East roundtable led
by Kate Osborne MP

April 2026

Kate Osborne, MP for Jarrow and Gateshead East, brought together stakeholders, retailers, Councils, the Police and Crime Commissioner and police to tackle rising illicit trade across the region at an event in Gateshead (27 March 2026).

The illicit tobacco trade is estimated to cost taxpayers £1.8 billion nationwide with other estimates as much as 4 times higher than that figure. Here in the north east we have seen growing concerns around the availability of illicit tobacco and vape products, as well as dangerous illicit vodka being sold. Enforcement agencies have warned of increasing links to organised crime.



Kate Osborne MP said:

"I decided to pull together this roundtable to urgently deal with the scourge of illicit trade, we have seen the impact on our high streets with organised crime, a rise in antisocial behaviour, and nationwide exposés on the disgusting targeting of children with vapes, with horror stories of children as young as 9 being given vapes and other young people being asked for sexual favours in exchange for vapes.

We are seeing illicit trade destroy our high streets with 7 new vape shops opening for every pub closed and we have seen councils struggle to close down shops and when they are shut down they are reopened next door, as well as retailers reporting being harassed by criminals putting pressure on them to sell illicit goods and customers being pushed to buy products without knowing they were illicit and without knowing the content because of unaffordable tobacco prices.

Following the passing of the Tobacco and Vapes Bill, Councils now have stronger enforcement and licensing powers, this coupled with the £10million in funding for Trading Standards. This should mean the issue is easier to tackle - yet a really clear theme that came out of the discussions was the inconsistency of support across local authorities, concerns around police and Trading Standards capacity and in particular a lack of clarity around reporting illicit trade and mechanisms for reporting.

It was positive to have the police, traders, and stakeholders in the room alongside the retailers looking at how we put into practice the powers in the new legislation and how we contribute to the consultation that the government will start shortly.

As well as illicit trade, discussion also covered how we support local communities, health and wellbeing and stop smoking initiatives and education.

"I am glad the Police and Crime Commissioner and Councillors were present to hear first hand the issues that retailers and front line police were having in tackling this issue as well as the impact of vape devices with recycling and fires causing issues for fire authorities with risks of fires at home and in bins putting people at risk, recycling plants and in shops."

I will absolutely be raising this further with Government and Local Authorities to ensure joined up targeted action is started as soon as possible.

I'm particularly grateful to the front line police and to retailers including Taz from Jarrow and Shakilah from Gateshead for coming along and sharing their experiences of this crisis."



Key recommendations

- A standardised mechanism for reporting illicit trade
- An appeal to people to comment in the Government consultation raising the issues discussed in this report and look at what other legislation needs updating
- Strengthening regional coordination between local authorities, police, Trading Standards and HMRC, building on successful partnership models
- Ensuring consistent enforcement across neighbouring areas to prevent displacement of illegal activity
- Reviewing legal and regulatory frameworks to address the rapid reopening of premises and exploitation of ownership loopholes
- Supporting intelligence-sharing mechanisms that enable faster and more effective responses to retailer reports
- Continuing to invest in enforcement capacity alongside the implementation of the Tobacco and Vapes Bill

Stakeholder perspectives

Shakilah Ahmed who owns shops in both Gateshead and Sunderland said “I want to thank Kate for the opportunity to say how we feel as a community and as retailers, bringing us together, listening and really hearing what we have to say on this” and highlighted the difference in how illicit trade is tackled in her shop in Gateshead and Sunderland.

Retailers from Sunderland, Gateshead and Jarrow gave a stark account of the scale and visibility of the problem. Shop owners described how illicit tobacco is being sold openly for as little as £5–£6 per 50g pack, compared to close to £50 for a legal pack.

They reported that customers are increasingly turning to illegal sellers due to price, with one retailer explaining that it is now “impossible to compete” while operating legitimately.

From a regulatory perspective, Councillors outlined the challenges faced by enforcement teams, with difficulty acting on intelligence due to complex legal processes and the speed at which ownership of premises can change and highlighting the importance of coordinated intelligence and enforcement across

the region, noting that joint working between agencies has delivered results in some areas and should be strengthened further.

Police representatives reinforced these challenges pointing to the difficulty of securing long-term closures, particularly where businesses reopen under new identities. Officers referenced successful seizures achieved through partnership work with Trading Standards, but acknowledged that enforcement alone is not keeping pace with the scale of the problem.

Front line Police officers shared their concerns around legal loopholes on licensing and differing levels of interactions with Trading Standards across their target areas reporting that these organised gangs operate the same way across council boundaries.

Peter Moody of GAP Renew drew attention to the downstream impact of illicit vapes, including safety risks and fires linked to improper disposal. He highlighted the volume of seized goods entering the waste system, underlining the scale of the issue beyond retail alone and discussion centered on the risks of fires in council vehicles, risks to the Fire Service, the fire in Glasgow and the risk of the poorly made big puff devices.



Background

Last year MPs Sharon Hodgson and Kate Osborne MP visited local retailers to look at the problem of illicit trade, speaking to retailers and members of the public about what is happening on our high streets. Sharon is now the Minister for Public Health.

Ahead of Thursday's 'civic engagement forum' on illicit trade, Kate Osborne MP was interviewed on **BBC Radio Newcastle** where she spoke compellingly about the ever-growing problem of illicit trade across North East high streets - particularly illegal tobacco and vapes - which she said has links to organised crime and harms legitimate businesses, putting young people at risk.

There was a lot of interest in the event, with frontline police officers, the Police and Crime Commissioner, retailers, and councillors from Newcastle, South Tyneside, and Gateshead (including the Deputy Leader of Gateshead Council, the Cabinet Member for Environment, Transport and Net Zero at Sunderland City Council and the Cabinet lead for Economic Growth at South Tyneside Council) alongside other local stakeholders.

Opening the discussion, Kate Osborne MP warned that the region had "become a hotspot for illegal trade" – citing national estimates that illicit tobacco costs the UK £1.8 billion each year. She pointed to recent enforcement data showing 1.2 billion illegal cigarettes seized in 2024-25, and raised that this figure is vastly underestimated, pointing to Cancer Research data, she raised concerns about links between the illicit vape market, organised crime, and the exploitation of young people. She also referenced media investigations highlighting the sale of vapes to children and wider high street decline linked to illegal trading.

Retailers from Washington, Gateshead, Fellgate (and surrounding) areas gave a stark, unpolished

account of the breadth and scale of the problem with shop owners describing how illicit tobacco is being sold openly for as little as £5–£6 per 50g pack (compared to ~£50 for legal FCT). Retailers reported that customers are increasingly turning to illegal sellers due to price, with one retailer explaining that it is now "impossible to compete" while operating legitimately. Retailers raised that they feel like no one cares and that they are being "abandoned to these crime gangs" and driven out of business.

Concerns around inconsistent enforcement were the top concern voiced by retailers, who said that enforcement differs radically across local authorities. Several retailers described the tactics used by illegal operators to evade enforcement including reopening shops under new ownership shortly after closure, operating across multiple nearby units, and temporarily halting sales during police visits (with the assistance of look-outs) before resuming shortly after.

The frontline police in attendance echoed this concern, thanking Kate and the Government for acknowledging underresourcing as an issue and for implementing the T&VB – though they raised concerns about the continuation of loopholes while questioning whether trading standards were able to deal with the scale of the problem even with an increase in resources.

Police representatives pointed to the difficulty of securing long-term closures, particularly where businesses reopen under new identities. Officers involved in Operation Vienna also referenced successful seizures achieved through partnership work with trading standards, but acknowledged that enforcement alone is not keeping pace with the scale of the problem.

They highlighted the importance of coordinated intelligence and enforcement across the region, noting that joint working between agencies has delivered results in some areas and should be strengthened further.



The discussion also covered the impact of disposing of illicit vapes and legal vapes with fire risks, outdated legislation on disposal, the volume of seized goods entering the waste system, the fire risks with both legal and illegal large puff devices and poorly and cheaply made devices that are flooding the market and being left in the trash putting lives at risk, both in the home and in the workplace including Council lorries, as well recycling plants.

Media investigations including from print media and channel 4 news have exposed links between the illicit vape market and organised crime, including evidence of child exploitation, with reports of vapes being sold to children as young as 11 and, in some cases, exchanged for sexual favours were spoken about with great concern about similar happening in the North East.

There was also discussion of forthcoming legislative changes and the impact they will have, with concerns repeated that there will still be loop holes. The robustness of the retail licensing scheme was also questioned, with concern expressed that it may even drive illicit trade further as higher prices for legal products push demand for illicit alternatives.

Kate Osborne closed the discussion by reinforcing the urgency of the issue and the need for a more coordinated response. Kate implored attendees to continue to engage with enforcement agencies and encouraged interested parties to engage in the consultation which is to start imminently. She committed to working with local authorities, police, and government to ensure that enforcement is strengthened and that the experiences of retailers directly informs future policy.

Post the event Kate shared two read outs on her social media [pictures](#) and [video](#).

- Cancer Research estimates that 28bn cigarettes were smoked in the UK last year, with HMRC clearing 14bn for sale, this would indicate that *one in two* cigarettes smoked in the UK contribute no duty to the Exchequer. Much of these 'missing' 14bn will be illicit, and this fact alone would mean that the official estimate of £1.8bn pales into insignificance compared to the true cost - which is likely as much as four times that amount.
- Two illegal vapes were seized every minute in 2025, according to [new UK council data](#), with a total of 1.2 million illicit vapes seized off high streets this year.
- Research indicates that illicit supply chains have adapted quickly, with illegal products continuing to circulate widely in the retail environment.
- According to the [Association of Convenience Stores' \(ACS\) 2026 Crime Report](#), 85% of retailers say the sale of illicit products has increased around their business, with tobacco (32%) and vapes (31%) the most commonly observed illicit goods.
- The cost of organised retail crime is being passed onto consumers, with ACS estimating an effective "crime tax" of 11p on every transaction in UK local shops.
- Illicit trade in the UK is having a significant and growing impact on Government finances. Updated IPSOS 2025 data shows that 46% of cigarettes consumed in the UK are now non-duty paid, whether illicit, smuggled, or cross-border sourced, making the non-duty paid (NDP) channel the largest supplier of cigarettes to UK smokers.
- This represents a substantial loss in tax revenue and undermines public health objectives, particularly as tobacco excise duty funds tobacco control programmes. The OBR have not yet modelled for the impact of the new tobacco and vape duty that comes into effect in October 26.



Key discussion points

- Retailers across the region report increasing visibility of illicit products in local communities, undermining legitimate businesses and contributing to wider criminal activity.
- Data cited in a local authority report shows that **Newcastle City Council** has just 1.69 Trading Standards officers per 100,000 people, one of the lowest ratios in the region and well below the Great Britain benchmark of around 3.7 officers per 100,000.
- In the North East, smoking rates have fallen significantly over the long term and are now around 11%, slightly below the England average of 11.6%, according to recent **Office for National Statistics data**.

Sunderland

- **Sunderland Echo**: Northumbria Police sounds alarm over Sunderland shop boss's link to bootleg tobacco in South Shields
- **Sunderland City Council**: Sniffer dogs help seize £14k of illegal tobacco

Newcastle

- **Chronicle Live**: 14 Newcastle shops hit with closure notices after £90,000 of illegal cigarettes and tobacco seized
- **The Northern Echo**: Illegal cigarettes and vapes seized from 11 Newcastle shops

South Tyneside

- **The Shields Gazette**: Forced closure of a Jarrow shop extended over the sale of illegal tobacco products

Illegal Tobacco

Our trading standards officers work with Northumbria Police and the community to cut down on illegal tab houses in the borough.

The term 'tab houses' refers to properties where cut price smuggled, or even counterfeit, cigarettes and pouches or hand rolled tobacco are sold from. We estimate that every Gateshead resident has to pay an extra £76 a year in tax to make up for the tax lost to the illegal tobacco trade.

The illegal tobacco trade is a problem that goes well beyond the billions of pounds lost to the public purse through unpaid duty.

Forced closure of a Jarrow shop extended over the sale of illegal tobacco products

By Gareth Crickmer

Published 3rd Mar 2026, 15:51 BST

Northumbria Police sounds alarm over Sunderland shop boss's link to bootleg tobacco in South Shields

By Nic Marko

Local Democracy Reporter

Published 25th Feb 2026, 06:00 BST

Gateshead

- **Gateshead Council**: We estimate that every Gateshead resident has to pay an extra £76 a year in tax to make up for the tax lost to the illegal tobacco trade.



Legislative context

- The Tobacco and Vapes Bill passed its final stage in the Commons on Monday 23rd March and will now move towards Royal Assent in April.
- From 1 October 2026, the government will introduce a Vaping Products Duty of £2.20 per 10ml, alongside a one-off increase in Tobacco Duty to maintain the incentive for smokers to switch from tobacco to vaping. This has the potential to drive illicit trade up.
- To minimise the risk of switching to the illicit market, the government has provided a £10 million funding boost to Trading Standards, up to £10 million from HMRC for Border Force to enhance operational information gathering capabilities between 2026-27 and over 300 new HMRC compliance officers to strengthen enforcement.
- Consideration will be given to evaluating the impact and effectiveness of the Vaping Products Duty once sufficient data has been collected, particularly among young people and non-smokers. This will be in line with policy objectives and wider government aims of creating a smokefree generation.
- The Government has invested an additional £70 million in both 2024/25 and 2025/26 to support local authority-led Stop Smoking Services in England to help people quit. We are already seeing the impact this has made, with the first year of additional funding in 2024/25 having resulted in a 23% increase in the number of people supported to quit compared to the previous year.
- From April 2026, Government will ring-fence all funding for smoking cessation services within the Public Health Grant, meaning at least £153 million, increasing to £155 million in 2028/29, will be protected for these services. The additional funding will ensure there is a comprehensive offer across local authorities in England, with funding weighted toward local authorities with the highest smoking rates. The Better Health Website is also available and contains comprehensive cessation advice to support individuals to find the right approach for them.

The consultation will start shortly, if you would like to receive updates, further information or to make your views known please email:
kate.osborne.mp@parliament.uk

TACKLING ILLICIT TRADE ON OUR HIGH STREETS

April 2026