

The Global Illicit Nicotine Pouch Report 2026

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Introduction

The rapid growth in the consumption of nicotine pouches has created significant opportunities for illicit trade networks, non-compliant manufacturers and criminal actors.

While benefiting in the same way as legitimate businesses from rapid growth in consumer demand for nicotine pouches and low barriers to entry, they do not have the same compliance costs. They also exploit regulatory gaps and limited or inconsistent enforcement, all of which enables them to sell products that are lower-priced than legitimate ones or offer features that legal products cannot.

This creates unfair competition for legitimate, compliant brands and retailers, and potentially creates risks for consumers using products that may be substandard in quality or even dangerous – for example if they have been manufactured using poor methods or unclean facilities, or if they contain excessive nicotine.

The fact that illicit products also tend to evade taxes in the countries in which they are consumed also means that governments miss out on fiscal revenues.

High-profile examples of illicit products include counterfeits, which are illegal copies of legitimate products, and smuggled goods. However, it is a mistake to see the illicit market as consisting purely of large-scale, deliberately criminal activity in which the entire chain from manufacturer to consumer is illegal.

For example, products sold in markets in which the category is banned are by their nature illicit, but the same products might be completely legal in an adjacent jurisdiction.

Even in a country in which nicotine pouches in general are permitted, some products may be illicit because they lack necessary authorisations, have not had tax paid, or are sold through prohibited retail channels. Again, the source of illicitness in these cases is not the product itself or the entire value chain, but particular breaches of regulation at some stage of it.

And a product can even be “unintentionally illicit”, for example if there is ignorance of regulatory requirements or mismanagement of compliance, especially likely when regulation is rapidly changing.

These factors mean that speaking of a single “illicit market”, whether globally or at a national level, is extremely difficult to measure and can also be highly misleading. The illicit market is not a distinct, wholly illegal industry that acts as a shadow of the legitimate sector – the two can be intertwined. For example, a retailer that is broadly speaking an above-board business might sell both legitimate and illicit products.

This document sets out to describe the nature of the growing illicit nicotine pouch trade, the reasons products are considered illicit, the scale of illicit markets, and the impact this has on the growth of legal markets.

It is timely not only because of the continuing expansion of the nicotine pouch sales but also because of rapid regulatory development – for example in the European Union, where a wide-ranging new regime for

nicotine pouches is likely to be introduced in the next version of the Tobacco Products Directive (TPD) and new taxes introduced through the Tobacco Taxation Directive (TTD).

Further significant regulatory change in many jurisdictions worldwide is virtually certain, creating new opportunities for illicit players as well as new ways to combat them.

We first set out the background: the nature of the products themselves, the types available, and the size of the sector. Then we look at the illicit market. We demonstrate the various ways in which a nicotine pouch may be deemed illicit, define what we mean by a product being illicit, and look at the patchwork of regulation for nicotine pouches which has developed around the world. Then we provide some case studies showing how illicit markets have developed, and the scale of the problem. Finally, we provide our conclusions and give suggestions on how the growth in illicit nicotine pouches could be addressed.

While this report cannot provide a definitive guide to the illicit nicotine pouch market because it is constantly changing, it provides an attempt to define the nature and scale of the problem and the basis for the start of further work and future research.

The report has been prepared by Tamarind Intelligence, an independent business intelligence service for the nicotine sectors. The report was commissioned by British American Tobacco, but the data and analysis are the objective unbiased opinion of Tamarind Intelligence. Tamarind Intelligence has no commercial interests in any of the sectors it covers other than receiving payment for the data and analysis it publishes.

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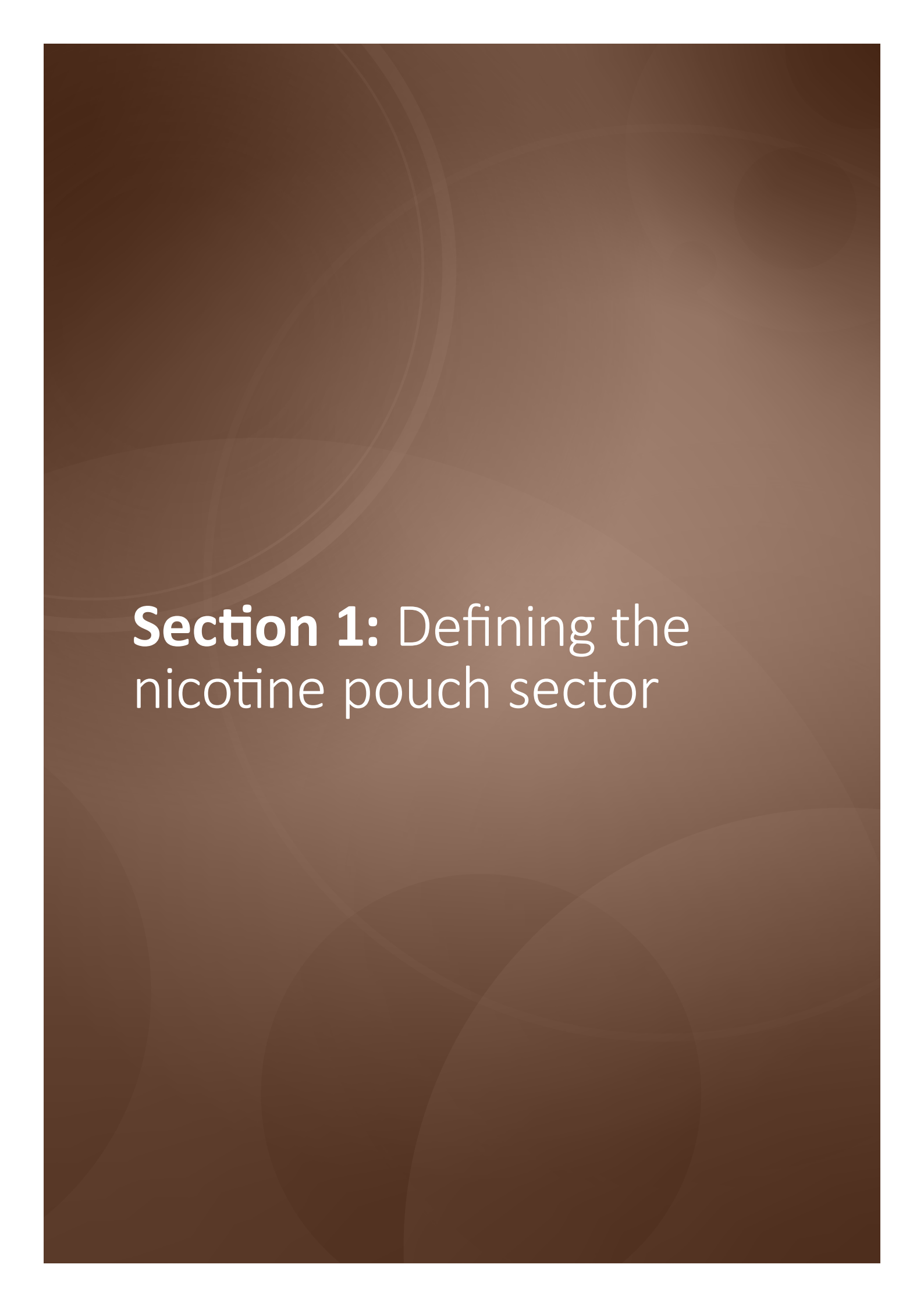
Section 2: Case studies illustrating illicit nicotine pouches

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Overview and summary

- ➔ **Size:** The consumption of nicotine pouches, although still new, is the fastest growing alternative product to combustible tobacco globally. Its value is estimated to be around US\$10bn, with more than 20m consumers around the world and an annual growth rate of 44%. Despite this, nicotine pouches make up around only 1% of global tobacco cigarette sales.
- ➔ **Fragmented:** Unlike combustible cigarettes, the nicotine pouch markets are highly fragmented, with multiple brands, formats, nicotine strengths and flavours sold through many retail channels, both offline and online. In this respect, it resembles the early e-cigarette/vapour market, although its fragmentation is not so extreme.
- ➔ **Low barriers to entry:** The sector emerged only during the early 2010s and is still nascent in many countries. While tobacco-owned brands are the most highly consumed products in the largest markets in Europe and the US, many new entrants also have significant market share; they are particularly successful in markets where tough regulation or bans on the product exist. Low barriers to entry for manufacturers and high consumer demand continue to encourage new brands.
- ➔ **Illicit growth:** Given the fragmented nature of the sector and the many ways in which these products can be non-compliant with taxes and regulations, we do not know exactly how much of the nicotine pouch market is illicit. The evidence that is available suggests that the illicit trade in nicotine pouches is growing rapidly thanks to a combination of consumer demand, complex regulatory environments, and lack of enforcement against illicit products, channels and manufacturers. Moreover, the products are small, easy to transport (including cross-border), and of relatively high value, making the category attractive to illicit operators.
- ➔ **Legal landscape:** The legal landscape for nicotine pouches is still evolving. In many countries the products do not fall under traditional tobacco regulation as they contain no tobacco. Many countries have now enacted legislation for this category, typically basing it on existing legal regimes for other tobacco and nicotine product categories. But many still have not. And even where pouches are adequately regulated, enforcement agency familiarity with the category may be limited.

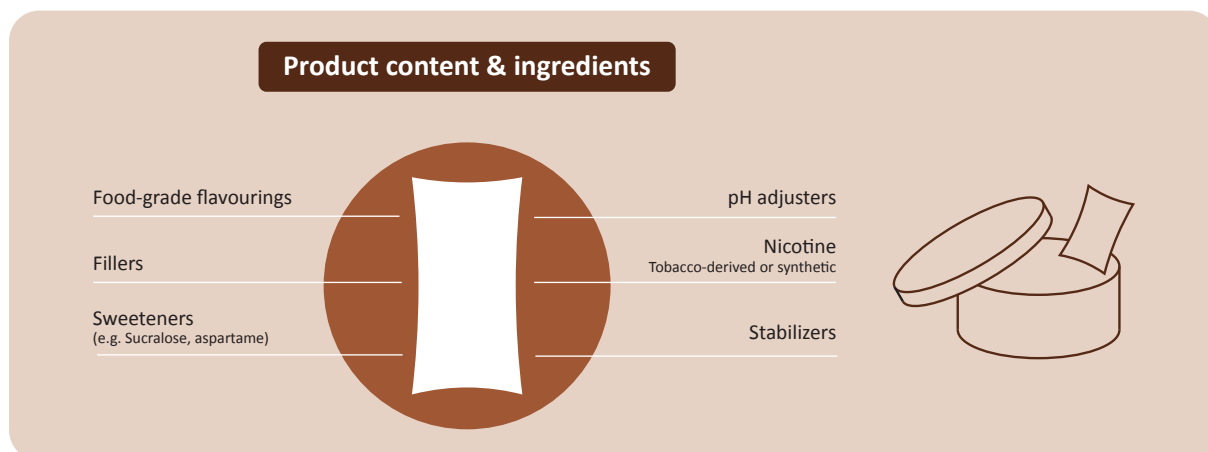
- ➔ **Health concerns:** Although there is a growing body of scientific evidence demonstrating nicotine pouches to be significantly less harmful compared to combustible tobacco products, illicit nicotine pouches may provide a health risk to consumers. Their manufacturing processes are not monitored by any regulatory authority and may be below the standards expected of a product to be placed in the mouth by a consumer. Health risks could also arise from substandard or dangerous ingredients.
- ➔ **Tax evasion:** Tax is generally not paid on illicit products, denying governments increasing amounts of fiscal revenue. With no tax paid and decreased compliance costs, illicit products compete commercially with legitimate brands on price.
- ➔ **Product features:** Finally, illicit products may provide features not allowed in the country of sale/consumption (e.g. high nicotine strength or banned flavours), denying legitimate brands a level commercial playing field while encouraging illegal or criminal activity.



Section 1: Defining the nicotine pouch sector

Background

Product characteristics



Nicotine pouches are oral nicotine products, similar in appearance and use to Scandinavian snus but containing no tobacco.

An individual pouch consists of a small porous bag, containing powder that slowly releases nicotine when exposed to moisture. The pouch is inserted between the lips and gum, where saliva prompts the release of nicotine, which is then absorbed into the bloodstream through the mucous membrane that lines the mouth.

They are usually sold in small cans made of plastic or metal, each containing multiple pouches.

As a convenient discrete product providing effective nicotine delivery, they are simple to use and have grown dramatically in popularity since they first started to enter the market in the early 2010s, particularly in Europe and the US, but now across the world.

Pouches were originally manufactured in Scandinavia, principally Sweden, in the early 2000s as a development of the existing snus market. Sweden and other Scandinavian countries had had strong markets for oral tobacco from well before the 19th century, and in the mid-20th century, a market developed for snus. Although similar to nicotine pouches in appearance and use, snus does contain tobacco. But unlike loose oral tobacco, for example “chew” or “dip” as found in the US, it does not cause the user to spit. Snus became highly popular and later would be credited with playing a major role in reducing Sweden’s smoking rate and subsequent cancer rates to exceptionally low levels.

However, although snus is not a combustible product, it is banned in most EU countries, and in countries where it is available some consumers wanted to move away from tobacco altogether while continuing to use nicotine. This prompted the development of the nicotine pouch, very similar to snus in format but with very different ingredients.

A pouch consists of an inactive filler material (often cellulose) together with flavourings and sweeteners, pH adjusters, stabilisers and nicotine in varying concentrations. The nicotine is generally tobacco-derived (although some markets are increasingly using synthetic nicotine), but otherwise the products are tobacco-free, and have gained a reputation as a harm-reduction alternative to other oral tobacco products or indeed to smoking traditional combustible tobacco.

While the early market contained numerous different formats, sizes, flavours, and nicotine strengths, as the sector matures there appears to be a preference among consumers for mini or slim pouches of less than 1 gram in weight, with a standard can containing around 20 pouches. Multiple flavours are available, and at first many brands launched a tobacco-flavoured pouch, but menthol or fruit flavours now dominate, as in the vape market. Most pouches consumed contain less than 20 milligrams of nicotine, although significantly higher strengths are available, particularly within illicit markets.

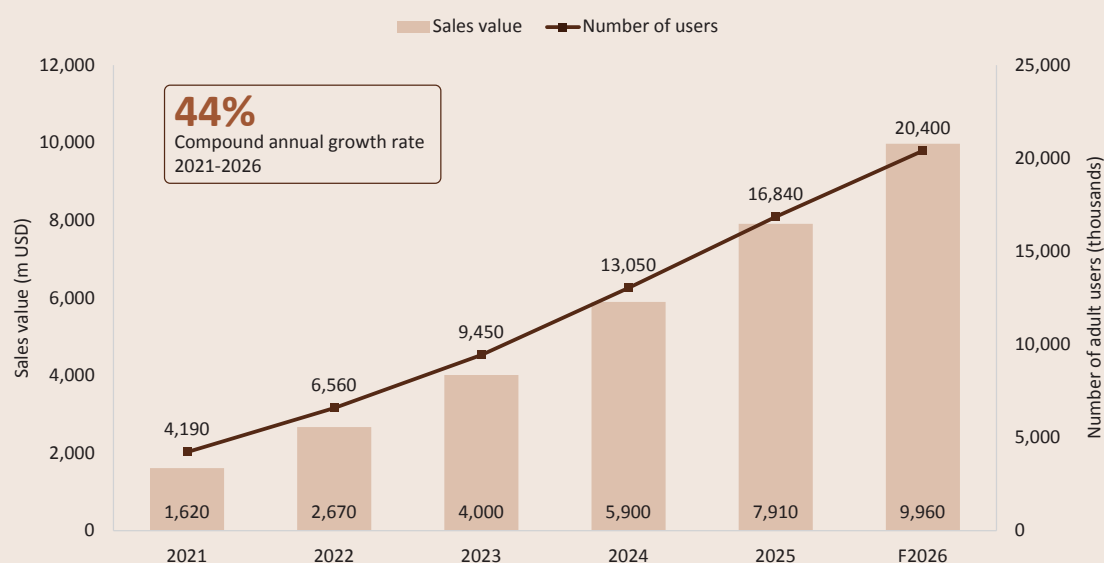
When nicotine pouches were first launched in the US and Sweden, many believed that they would be of interest only to existing consumers of oral tobacco products such as snus, chew and dip. But the product has also become popular in markets with no strong tradition of oral tobacco use, and among consumers whose previous nicotine use involved combustible cigarettes or e-cigarettes. Because they contain no tobacco and involve no combustion, they have also been widely supported by advocates of tobacco harm reduction, again in much the same way as heated tobacco and e-cigarettes.

In parallel with growing nicotine pouch consumption, laws addressing nicotine pouches have been rapidly enacted in many – but by no means all – countries. Frequently, this has been necessary because existing tobacco laws did not apply to products which contain no tobacco. The novelty of the category and the lack of well-established models for regulating it, as well as differing attitudes toward tobacco harm reduction and nicotine products generally, have given rise to many situations where adjacent countries have different laws, particularly in the EU.

This pattern of high consumer demand and a complex regulatory landscape, coupled with low barriers to entry in manufacturing a relatively uncomplicated product, has driven an increase in the number of illicit products. It will continue to grow unless some changes are made.

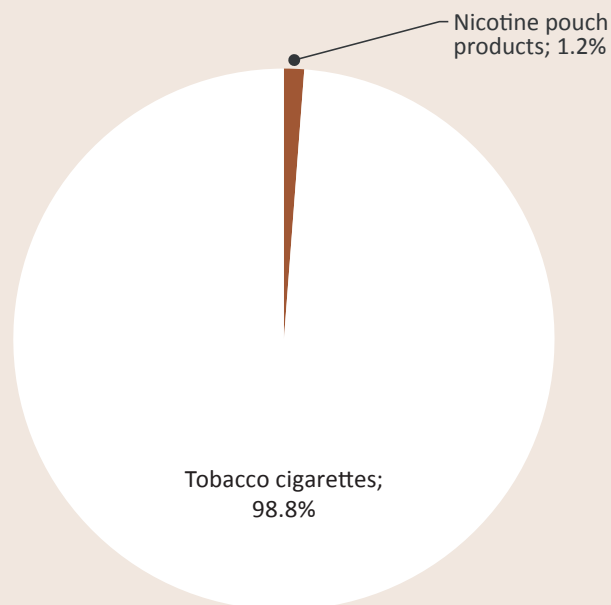
Market context

Growth of global nicotine pouch sales and number of users



Size: Sales of nicotine pouches are estimated to be worth more than US\$10bn worldwide, with more than 20m consumers. The sector is the fastest-growing of all nicotine product categories at 44% per annum in value, and 37% in numbers of users. But it is still very new; nicotine pouches make up around only 1% of global tobacco cigarettes sales. The vast bulk of global sales continues to be taken by combustible cigarettes, see on the next page the comparison of global value of sales of cigarettes compared to nicotine pouch.

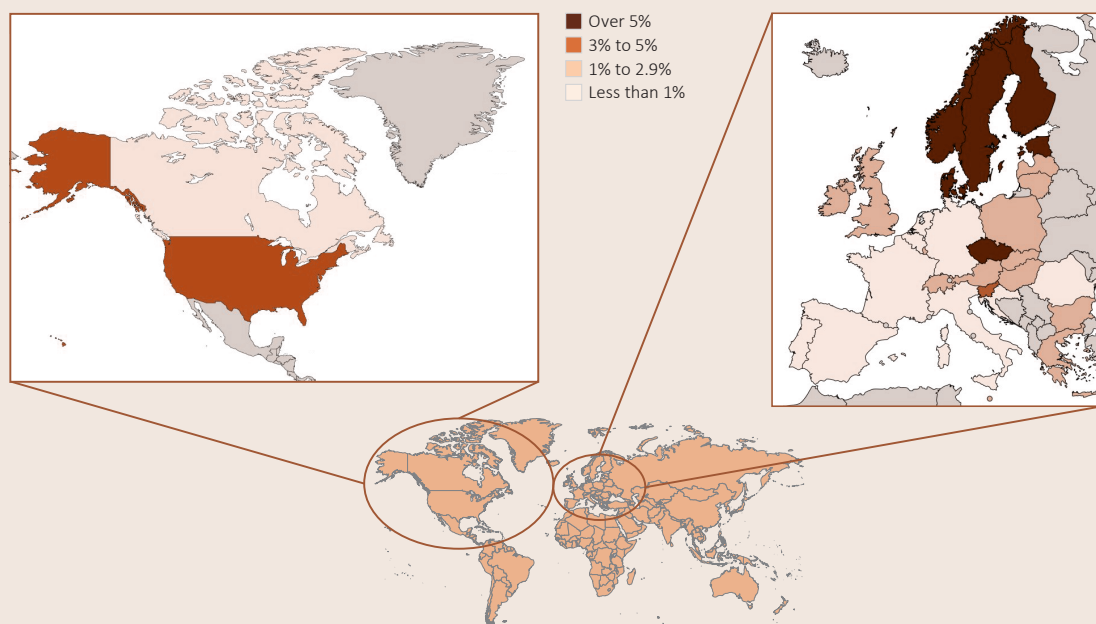
Global: Cigarettes vs nicotine pouch market size



Note: Tobacco cigarette global value estimate from Statista 2026 (including China)

Source: TobaccoIntelligence nicotine pouch market database, Q1 2026

Usage rate per country



Source: TobaccoIntelligence nicotine pouch market database, Q1 2026

Geographical scope: Currently the sector is growing at double-digit rates in many countries, even in those with no domestic history of oral tobacco use, and as the market broadens, there are ample opportunities for illicit manufacturers to satisfy consumer demand.

The largest markets by usage prevalence are still in the Nordic nations, particularly because of Swedish consumers replacing tobacco-containing snus with tobacco-free nicotine pouches. Sweden continues to be a global leader in the category, but strong growth has taken place across Europe, with the product becoming particularly popular in Central and Eastern European countries.

However, since these are mostly countries with small populations, the largest market for nicotine pouches is the US. Here there is a history of oral tobacco use in the form of chew and dip, but many consumers who were previously smokers or vapers have also started to use nicotine pouches, either in conjunction with other nicotine or tobacco products, or in place of them.

Retail: In most EU countries, most sales take place offline (i.e. in stores), with an increasing number of sales outlets carrying the product category alongside traditional tobacco. However, and the online channel has also grown, particularly in countries where bans or restrictions on the sale of nicotine pouches exist. As we discuss later, while retail restrictions may be applied to the category, consumers are often able to obtain illicit products through illegal channels and are unlikely to change their behaviour once purchase habits are established.

Brands: The leading brands are owned by the largest tobacco companies. However, many markets are still highly fragmented, with multiple independent brands also present. In Sweden, the most mature market in the world, many brands and individual SKUs, each selling in small volumes, points to highly variable consumer preferences.

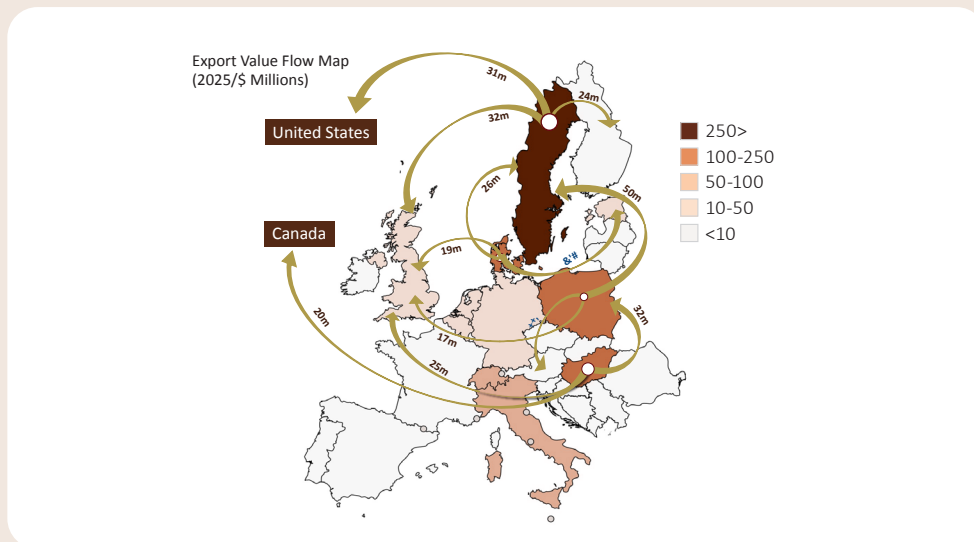
Formats: Nicotine pouches are offered in a wide range of nicotine strengths and flavours. In mature markets they are mostly sold in mini or slim formats (i.e. they are physically small and thus easier to keep comfortably in the mouth), and packaged in round “cans” (usually plastic, inspired by the traditional can format for snus). Each can tends to contain around 20 pouches.

Pricing: Nicotine pouches are generally significantly cheaper than cigarettes per “serving”, although in some markets, for example in the Czech Republic, they are more expensive. The application of tax in many countries is affecting the price of product, and the relative price of nicotine pouches compared to cigarettes. Taxation and price generally are also major factors in the dynamic of illicit markets.

Manufacturing: The production of nicotine pouches is still centred around Sweden and the Nordics. China was also a large and growing source of the product, but restrictions on manufacturing there have meant increased activity in other parts of Asia and around the world. Additionally, large tobacco brands have increasingly been investing in manufacturing facilities in the US to cover growing demand there.

Low barriers to entry for production for these relatively uncomplicated items and easy transportation of small, high-value products have meant that manufacturing facilities are now being set up all over the world. Export data from European supply chains suggests that there is a good deal of cross-border trade in nicotine pouches. However, the very same factors that encourage legitimate businesses to establish pouch manufacturing facilities and engage in cross-border trade are also appealing to illicit actors.

European supply chains: Key exporters and destination markets



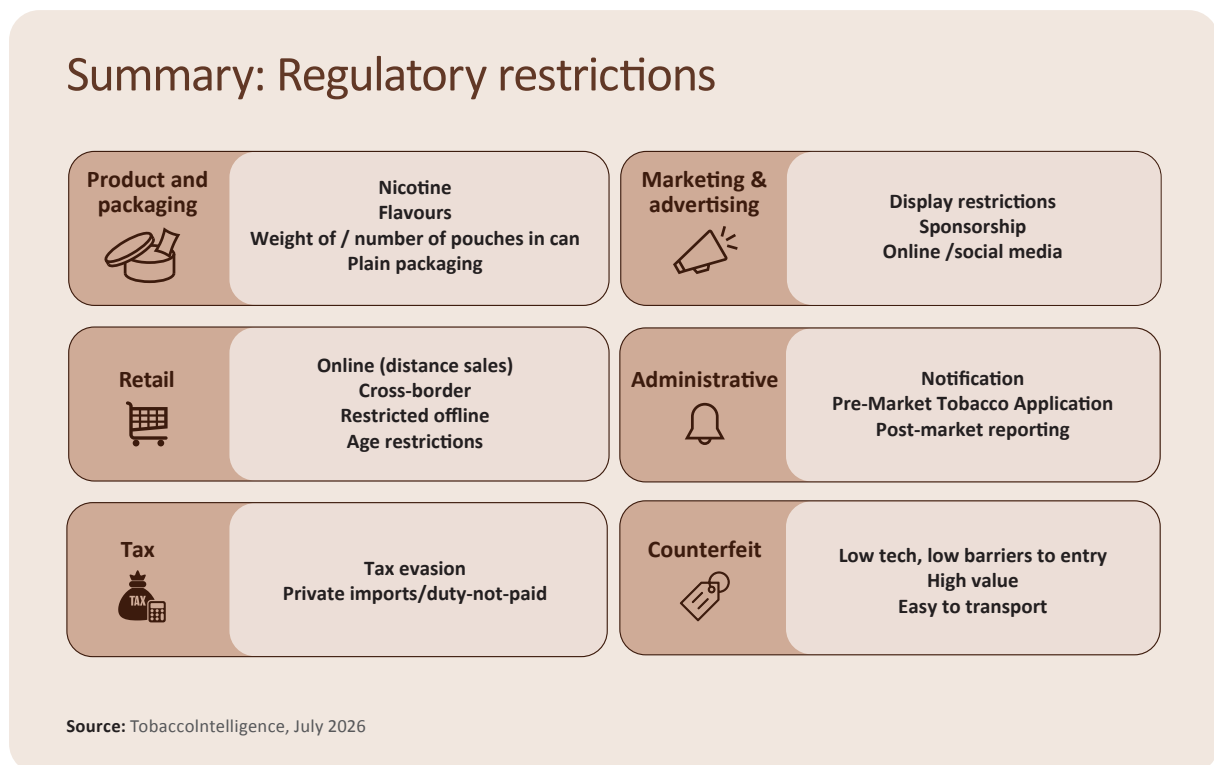
Notes: GTT database, 2025. Besides nicotine pouches, HS 24049190 may include minor non-cessation oral products (gums, lozenges, strips).

Source: GTT, 2025

Innovation: The sector is constantly evolving, for example with environmentally friendly packaging, new filling materials and flavour enhancements. New wrap materials for the pouch allow for quicker absorption of nicotine through the gums, while other technological developments aim to reduce gum irritation or speed up nicotine intake. Unlike in the vape or heated tobacco sectors there are no devices or electronics involved in nicotine pouches, making product engineering less technically complex and changes to manufacturing easier to implement.

Regulation of nicotine pouches

Introduction



When they were first marketed, nicotine pouches were often not covered under existing laws for tobacco products because they contained no tobacco.

Without specific regulation, they are either deemed to be ordinary consumer products covered by the usual consumer protection laws, or (in a small number of jurisdictions) as pharmaceutical or food products, if that was determined by a regulatory authority or a court ruling.

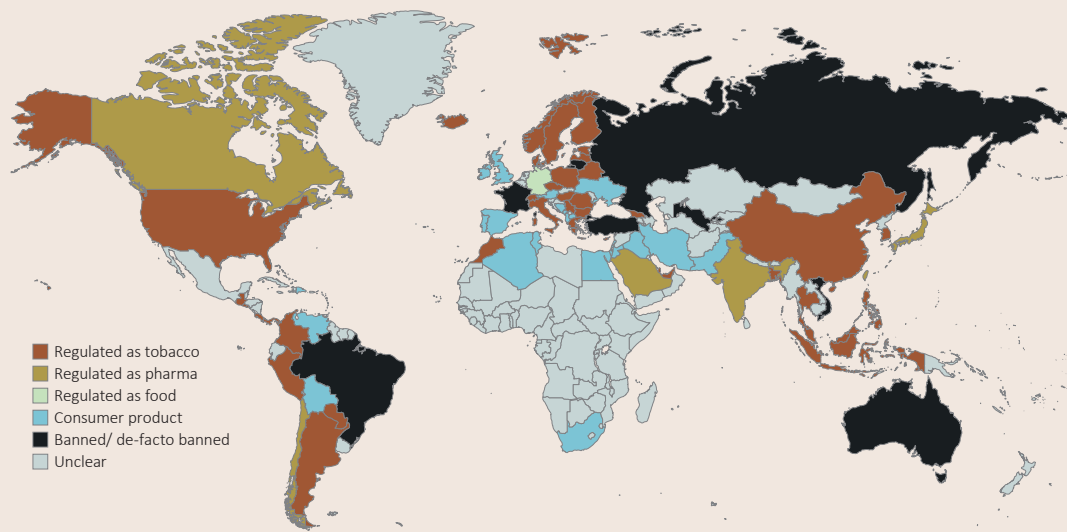
As the category has grown, however, more countries have brought in laws to specifically cover nicotine pouches, generally deeming them to be tobacco products.

Countries have approached the regulation of nicotine pouches in the following ways:

- ➔ **Tobacco:** Many countries have extended existing regulatory regimes for tobacco or tobacco-related products to apply to nicotine pouches. Such regulation generally relates to product restrictions (flavours, nicotine content), sales or retail channel restrictions, marketing and advertising, purchase age, public place usage, notification or pre-approval requirements, and tax. However, given that nicotine pouches are different in nature to combustible cigarettes and other tobacco products, some specific laws are usually seen as necessary – applying existing laws to them completely without change is difficult.

- ➔ **Pharmaceutical:** A small number of countries have decided that nicotine pouches should be treated as medical products for smoking cessation, similar to nicotine replacement therapy (NRT). This treatment usually derives from a desire to regulate novel nicotine products as restrictively as possible. Under such a regime, a nicotine pouch would have to be approved as a pharmaceutical product to be sold, which is far more demanding than compliance with typical requirements for tobacco products – for example, efficacy as a smoking cessation aid would have to be scientifically proven. As with countries that have taken this approach to e-cigarettes, in many cases no licences have been issued, meaning this approach amounts to a de facto ban on the category.
- ➔ **Food:** Regulators may interpret existing laws to signify that nicotine pouches are a food (even though most commentators agree that nothing from the product is ingested into the stomach). One example is Germany, where nicotine is considered a novel food ingredient and therefore cannot be added to food without approval from the relevant authority. This means, this means that the entire category is de facto banned in that country.
- ➔ **Consumer:** A number of countries have not specifically regulated nicotine pouches (sometimes intentionally). Instead, pouches are treated as consumer products meaning that although the usual consumer protections apply, as they would to any product, no specific requirements (for example on ingredients or retailing) are applied. This situation is, however, unlikely to exist for very long.
- ➔ **Prohibition or *de facto* ban:** Several countries specifically ban nicotine pouches, while continuing to allow combustible cigarettes to be sold. As with bans on other types of novel tobacco or nicotine product, these rules typically apply to retailing and other commercial activity, rather than to possession or use. Other countries, while not imposing bans as such, apply restrictions which are so tight as to effectively ban the category – for example, mandating nicotine levels so low that few consumers would want to use the products. Finally, as noted above, pharmaceutical and food regulatory regimes can also amount to de facto bans.

2026 Regulation: Nicotine pouch legal status



Note: Regulatory status as of July 2026; “Regulated as tobacco” means that nicotine pouches are regulated as part of the tobacco framework and may have specific regulation within this framework.

Source: Tamarind Intelligence Polaris360, July 2026

Defining illicit nicotine pouches

All nicotine pouches sold in countries that have banned the category entirely, such as France, are by their nature illicit.

The same applies to countries which have de facto banned the product by requiring pharmaceutical or food approval but not issuing any such approvals. In Germany, for example, all nicotine pouches available are illicit as no products have received novel food approval.

However, in countries where regulation is less extreme but still restricts nicotine pouches in some way, determining the nature and size of the illicit sector is more complex.

This section examines the areas of law most relevant to the legal status of nicotine pouches and the question of whether a given product is illicit or not.

1. Product and packaging

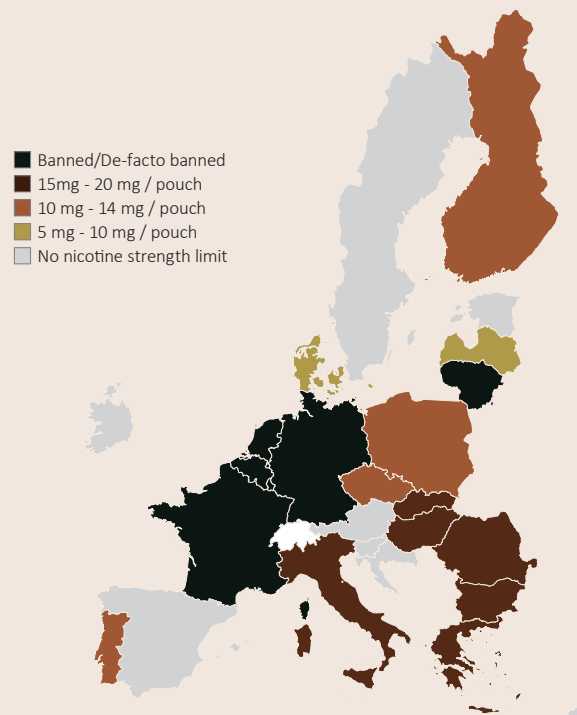
Although nicotine pouches are relatively simple products, many countries have brought in restrictions on aspects of the product itself or its packaging.

Nicotine: Many countries have enacted rules to limit the nicotine content in pouches in a similar way to the levels of nicotine and tar in cigarettes, or nicotine in e-cigarettes.

Although some countries have capped the nicotine in a single pouch at 20 mg, others have lowered the limit to below 10 mg.

In some cases, for example in Canada and Latvia, the nicotine cap is so low as to effectively ban the product category, as very few consumers would use nicotine pouches at such a nicotine level.

EU: Nicotine strength limits in nicotine pouches



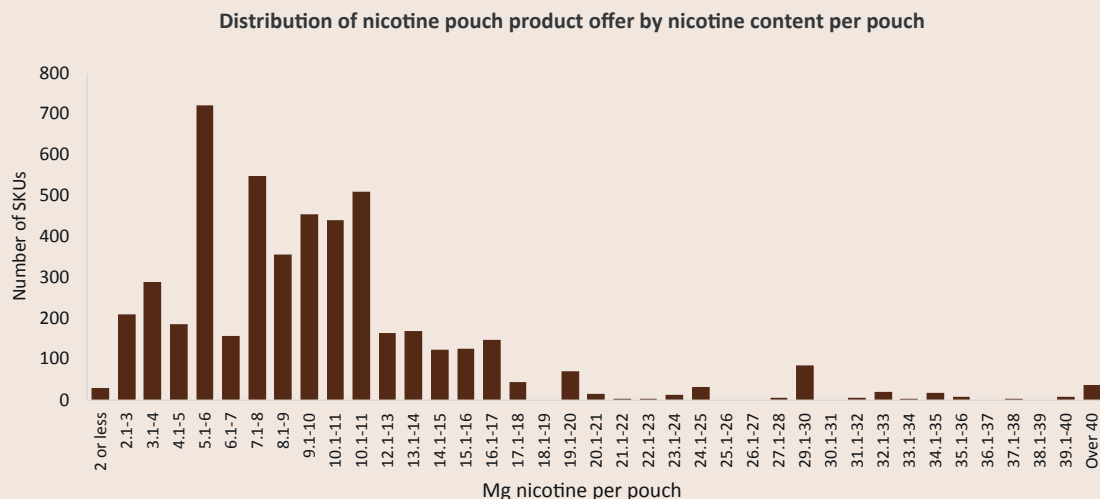
Note: Regulatory status as of June 2026, data from Tamarind Intelligence Polaris360; *In cases when mg of nicotine per gram of net product is regulated the average weight of 0.65 g per pouch is assumed to convert values

Source: TobaccoIntelligence, July 2026

This encourages consumers to seek out illicit products at higher nicotine levels, while making legal manufacturers' business unviable.

Indeed, ultra-strong pouches with levels of nicotine up to 50 mg per pouch are most commonly found in markets where the entire category has been banned, or de facto banned through very low nicotine caps. If 20 mg and 50 mg pouches are equally illegal, there is little to discourage illicit operators and their customers from opting for the latter.

Nicotine strength distribution of nicotine pouch product offer



Notes: TobaccolIntelligence nicotine pouch product tracker, Q2 2026; Products carried by the top three multi-brand online nicotine pouch retailers mostly selling nicotine pouches. Countries included: Norway, Sweden, Switzerland, UK, US

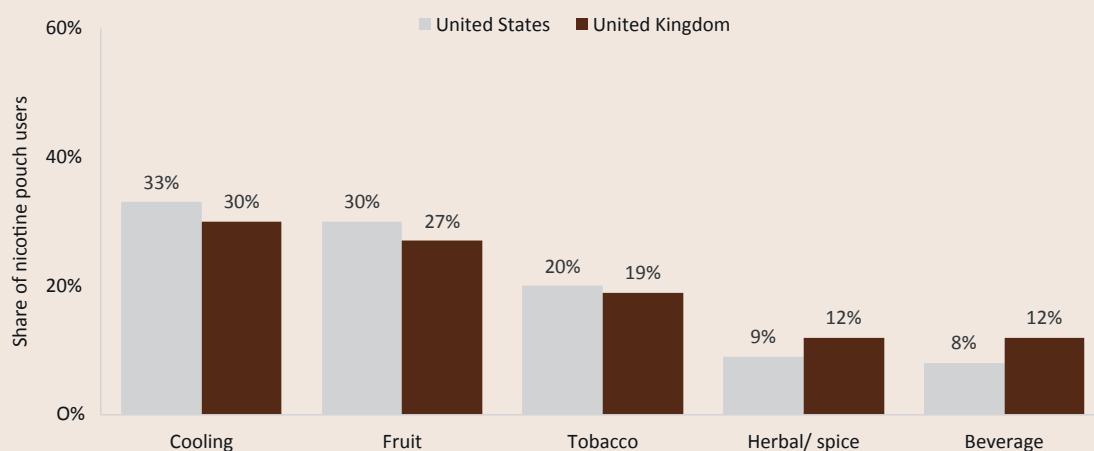
Source: TobaccolIntelligence, July 2026

Flavours: In some countries all flavours are banned. In others, only the same flavours as for cigarettes are allowed (menthol or mint). Some countries apply bans to specific flavour ingredients.

In a nicotine pouch market without significant restrictions on flavours, fruit varieties are often as popular as menthol/mint, and tobacco is a very minority flavour preference. This is very similar to the flavour profile of the vape market.

In heavily restricted markets, consumers will often seek illicit products in their chosen flavour rather than being restricted to those on offer legally.

Flavours and consumers: Most used flavours



Note: TobaccolIntelligence nicotine pouch consumer surveys November 2024; Regular nicotine pouch users (at least once a month); US: n=493, UK: n= 315; Q: What flavour of nicotine pouches do you use the most?

Source: TobaccolIntelligence, July 2026

Packaging and warning labels: In some countries, such as Denmark and more recently Finland, “plain” or standardised packaging is applied to nicotine pouches. Such restrictions have also been proposed or debated in other countries such as Spain and the UK.

Although plain packaging does not affect the products themselves, consumers may be incentivised to buy illicit products which have more alluring packaging than available in the legal market. Illicit operators ignoring rules on plain packaging also have opportunities to build brand awareness and loyalty via packaging design which compliant operators do not enjoy.

Most countries specifically regulating nicotine pouches also require a warning label on the packet. Other specific regulations can vary country-by-country - for example, in Latvia it is forbidden to include symbols or images of people on packaging.

2. Retail

Numerous countries impose restrictions on where tobacco and nicotine products can be sold, both offline and online. In the case of nicotine pouches, frequently they can be sold only in the same channels as other tobacco products.

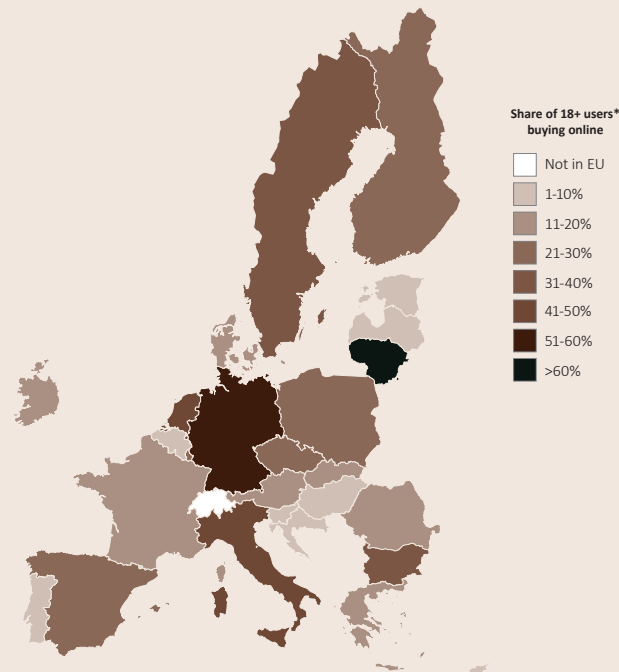
As such, in a country where cigarettes are only sold in government-owned or licensed outlets, nicotine pouches may be available only through that channel. Sometimes this effectively limits retailing to existing tobacconists, if it is very difficult for new entrants to obtain licences.

There may also be other restrictions on bricks-and-mortar retailers: for example, they may have to ensure that products are kept behind a counter, as in Slovenia or Hungary.

Many countries also restrict online sales. Restrictions may apply to “distance sales” conducted within a country’s own borders, such as in Italy or Poland. Or they may apply to cross-border sales (such as in Estonia). In these cases, although personal imports of small

quantities by travellers may still be permitted, online retail between countries is prohibited (if nothing else, because a government cannot easily collect tax revenue on sales by a supplier outside its borders).

EU: Share of users buying online vs. physical retail



Source: TobaccoIntelligence nicotine pouch market database, Q1 2026; *20+ for Latvia since the minimum age to purchase nicotine pouches is 20 years old

However, the lack of a consistent approach to regulation, particularly among adjacent European countries, has meant that significant cross-border activity takes place.

Moreover, there is some evidence that strict regulatory environments send both consumers and illicit sellers online in order to evade restrictions. From the map above it is clear that some of those EU member states which have the strictest regulations for nicotine pouches – for example Germany, where a de facto ban exists, and Lithuania, where the product category is specifically banned – have the highest rates of consumers buying online. And a prohibition on online sales in Italy has not prevented it having an exceptionally high level.

3. Marketing and advertising

Many governments restrict the way in which tobacco products are marketed and advertised to the public. Nicotine pouches are often subject to the same restrictions.

While restrictions on marketing or advertising do not affect the products themselves, poor enforcement may enable illicit manufacturers to market their products to consumers in ways that law-abiding manufacturers cannot, for example by promotion on social media.

4. Administrative

In the EU, many nicotine pouch products are required to be notified by member states which require that a period of up to six months must elapse after notification before the products can be placed in the market. Products that have not gone through this process properly are illicit.

However, given that pouch markets are highly competitive and multiple brands and products are entering it all the time, the notification requirement and post-notification standstill period are difficult to enforce. Regulatory authorities are often trying to distinguish illicit and legal nicotine pouches in a very fragmented market, comprising thousands of notified products and a similar number of un-notified products. Moreover, nicotine pouches which are notified in one jurisdiction may not be notified in adjoining markets.

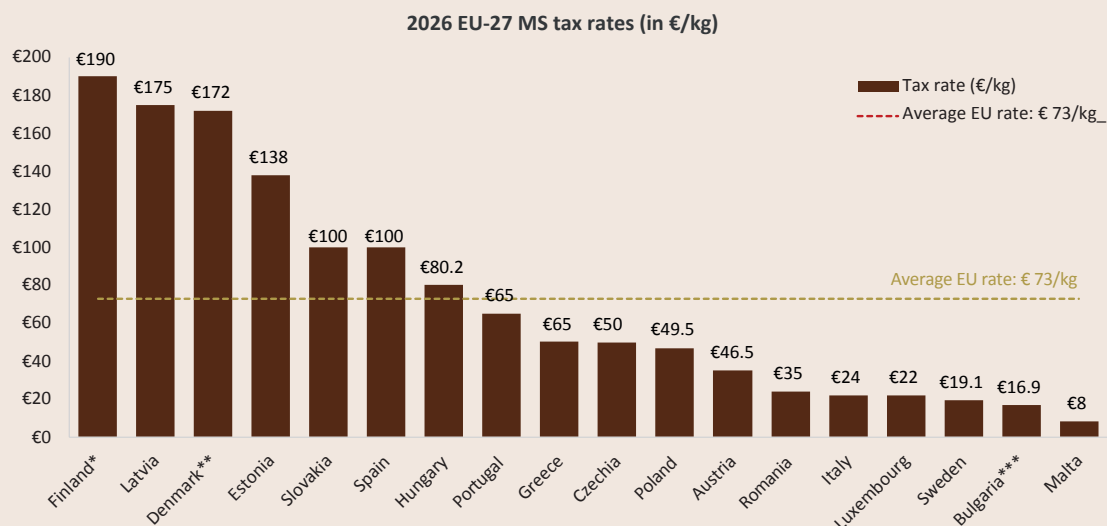
In the US, all nicotine products must be authorised by the Food and Drug Administration (FDA) before they can be sold to the public, but the premarket tobacco product application (PMTA) process is long and costly. Although a small number of nicotine pouch products have now achieved authorisation through this process, and the FDA in 2025 launched a programme intended to streamline it, many other pouch products may be on the market while still going through the PMTA process.

Despite the premarket authorisation system, FDA has indicated that it will not prioritise enforcement against products where a PMTA application is pending and has been filed for scientific review. While there is no guarantee of authorisation, filing is a threshold determination that the application contains all the necessary data for FDA to make to assess whether the product is appropriate for the protection of the public health and warrants authorisation. Thus, in order to benefit from enforcement de-prioritisation, companies will have to make a substantial investment in preparing their PMTA application – a merely cursory application unsupported by the required detail and evidence is not enough.

In many markets, pouch manufacturers and brands must also provide post-market reporting to a regulatory authority, for example providing sales data. Given the number of products in the market, enforcement authorities will find it very difficult to determine if a specific product is compliant with such requirements, and given the timing of such reporting, identification of illicit products may be months or even years after a breach.

5. Tax

EU27: Taxation rate comparisons



Note: Tax rates are current as of July 2026. *In Finland, pouches are subject to a 15% ad valorem tax and a unit tax of €0.12 per g. The minimum tax for such products is €0.19 per g. **In Denmark pouches are taxed by grams of nicotine. Considering the maximum level permitted of 9mg/pouch and 20 pouches per can weighting 14gr, the tax rate would be €172/kg. ***Differential tax applied in Bulgaria is represented here at the lower nicotine level rate (<20mg/pouch). All taxes are presented in euros; non-euro amounts were „converted using the exchange rate from XE.com as of 6th of August 2026.

Source: Tamarind Intelligence Polaris360, July 2026

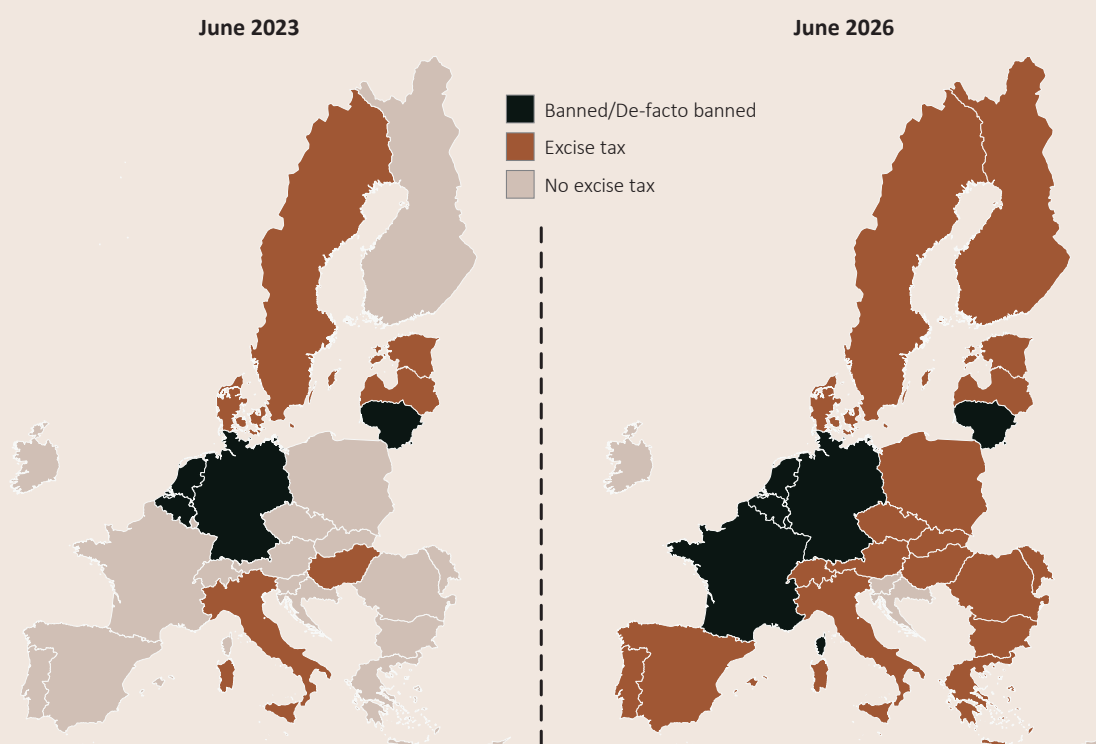
Nicotine pouches are liable for taxes (in addition to VAT or sales taxes) in many countries around the world.

Two thirds of European Union member states have enacted national excise duties on pouches, with many of these tax regimes being introduced in the last three years.

However, as can be seen in the chart above, the tax rates differ greatly.

The highest tax for nicotine pouches in the EU is set at more than 20 times the lowest.

Fiscal: Nicotine pouch excise tax



Note: Regulatory status as of June 2023 and June 2026, data from Tamarind Intelligence Polaris360

Source: TobaccoIntelligence, July 2026

The existence of such wide tax differentials in countries geographically close to one another gives rise to ample opportunities for cross-border trade. Where this is for personal consumption, it is entirely legal. But where purchase is made for resale, or in breach of restrictions on cross-border distance sales, it is illicit.

Legitimate private imports of nicotine pouches from low- or no-tax jurisdictions, as well as duty-not-paid trade through duty-free retail, are also encouraged by high tax rates. Although these can be legal ways for consumers to avoid paying high tax on nicotine pouches, they also often suggest illicit activity.

However, set against these ways in which taxation may encourage illicit trade, it should be noted that excise regimes can also be beneficial to the legitimate sector insofar as they support compliance activities such as monitoring of the category's development and product tracking. The implementation of the upcoming Tobacco Taxation Directive (TTD) will likely introduce a common framework for taxation of nicotine pouches within the EU.

6. Counterfeiting

Nicotine pouches are low- tech products which are relatively simple to reproduce, relatively high- value, and easy to transport. Although the sector is highly fragmented, with hundreds of brands, there are some legal brands with large market shares and these are an easy target for counterfeiters. While counterfeiting itself is an issue of intellectual property and fraud, rather than a breach of pouch-specific regulations, counterfeit products count as illicit – and indeed are highly likely to also be illicit in other ways, for example by not having tax paid. Enforcement against counterfeit product is challenging for regulators around the world, although increasing levels of enforcement have been seen taking place in the EU, US and China.

Summary of different types of illicit trade in nicotine pouches

In summary, we see that there are many ways for illicit product to exist in a market, and in practice many of the regulatory “levers” which create illicit markets are applied together. Unsurprisingly, then, many of the examples of countries where illicit nicotine pouches have the highest share of the market are those with the most regulatory barriers in place – the more that the legal market is restricted from doing business, the more the gap is filled by the illicit market.

Moreover, while differences between national regulatory regimes are not the only reason for illicit markets to exist, they also act as a driver. In areas such as Europe, where adjacent countries can have sharply contrasting regulatory environments, these differences create a space in which illicit operators can flourish. The upcoming TPD and TTD is likely to try to harmonise regulation for pouches across the EU27 but given the differences that persist in regulation of tobacco and other nicotine products, we expect that significant variations in nicotine pouch regulation will continue across the EU.

Section 2:

Case studies illustrating
illicit nicotine pouches

This section draws together case studies to illustrate the nature of illicit nicotine pouch markets. Although exact measurement of levels of illicit activity is highly complex given the inherent difficulty of measuring illegal behaviour, which by its nature shuns publicity and central recording, many of these case studies indicate large and growing illicit markets for the products, particularly in those countries which have implemented the strictest laws.

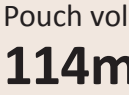
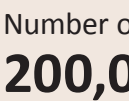
As the nicotine pouch market grows and becomes a larger part of the nicotine and tobacco sector, illicit markets will also grow and drive consumers to non-compliant and potentially lower-quality product, limiting the development of the legal market and leading to a loss of tax revenue for governments.

1. Product and packaging

Bans

Countries that have specifically banned nicotine pouches still have the product present in the market. Both France and Germany have recently banned nicotine pouches or implemented de-facto bans but they can still be widely found.

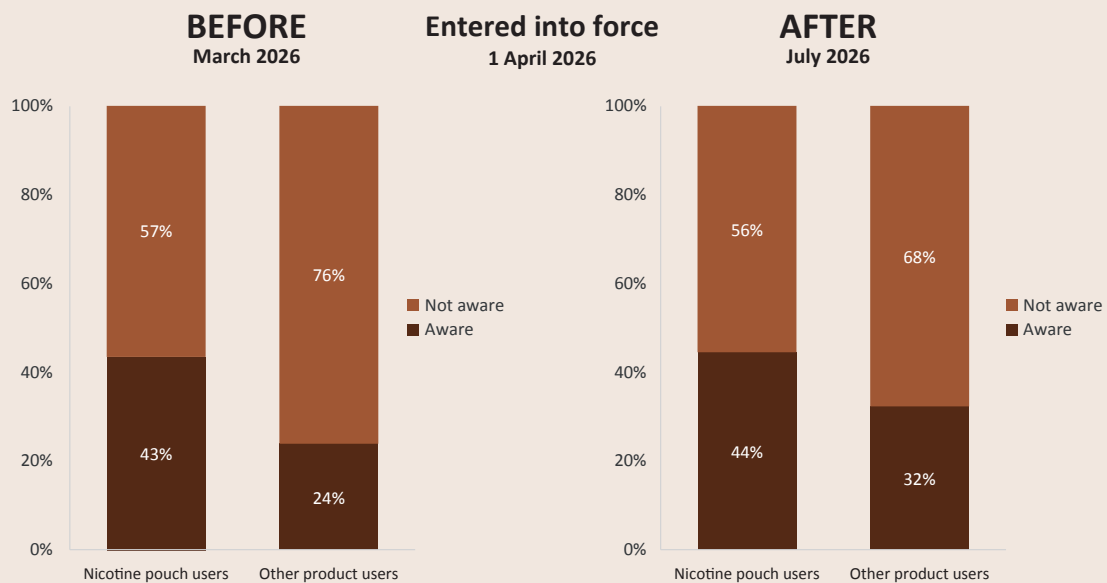
Product ban/de-facto ban: Germany and France

Germany	France
9th largest market globally (2026)	22nd largest market globally (2026)
Market size \$195m	Market size \$34m
Pouch volume consumed 658m pouches	Pouch volume consumed 114m pouches
Number of adult users 614,000	Number of adult users 200,000

Source: TobaccoIntelligence nicotine pouch database, Q1 2026

Part of the problem is that consumers may have no knowledge of whether the product they are using is banned. Bans have often been introduced only recently, and enforcement is even more difficult if consumers are not aware that they should not be buying a certain type of product. (Some consumers, of course, are aware that products are illicit and are still willing to purchase them.)

France: Awareness of the nicotine pouch ban



Note: TobaccoIntelligence French nicotine product user survey; Wave 1 collected in March 2026 nicotine pouch users n=99, other product users: n=3,100; Wave 2 collected July 2026 nicotine pouch users n=126, other product users: n=3,297

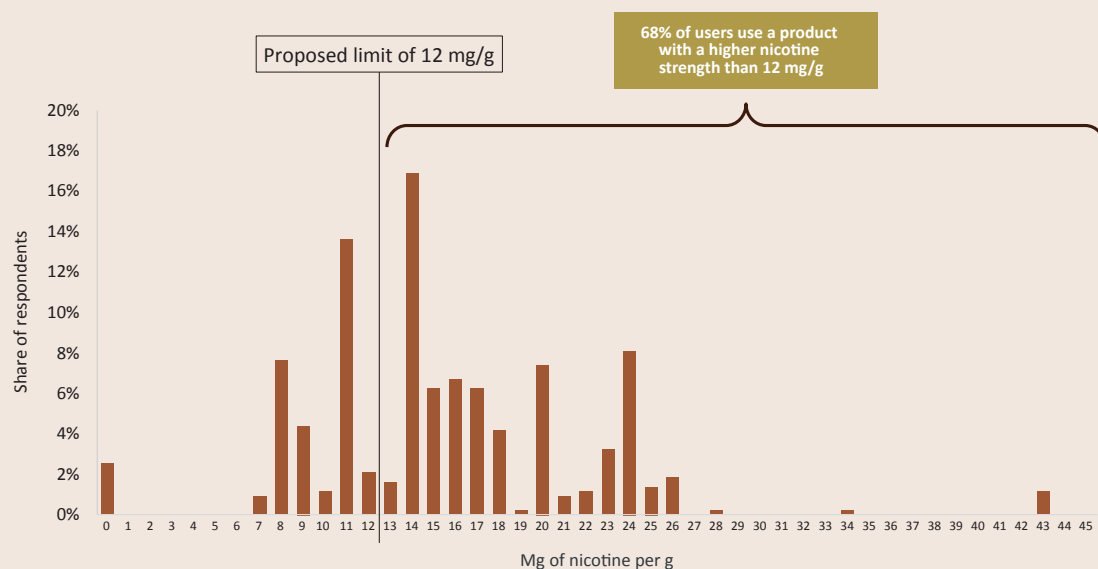
Source: TobaccoIntelligence, July 2026

In the case of France, in March 2026 only about 40% of nicotine pouch consumers were aware that a ban on their product was about to be introduced, and this did not change after the ban was implemented in July.

Nicotine

Where low nicotine caps are introduced, many consumers who want to use a higher nicotine strength product will look to the illicit market to obtain the products they prefer.

Norway: Nicotine strength of most recently used product



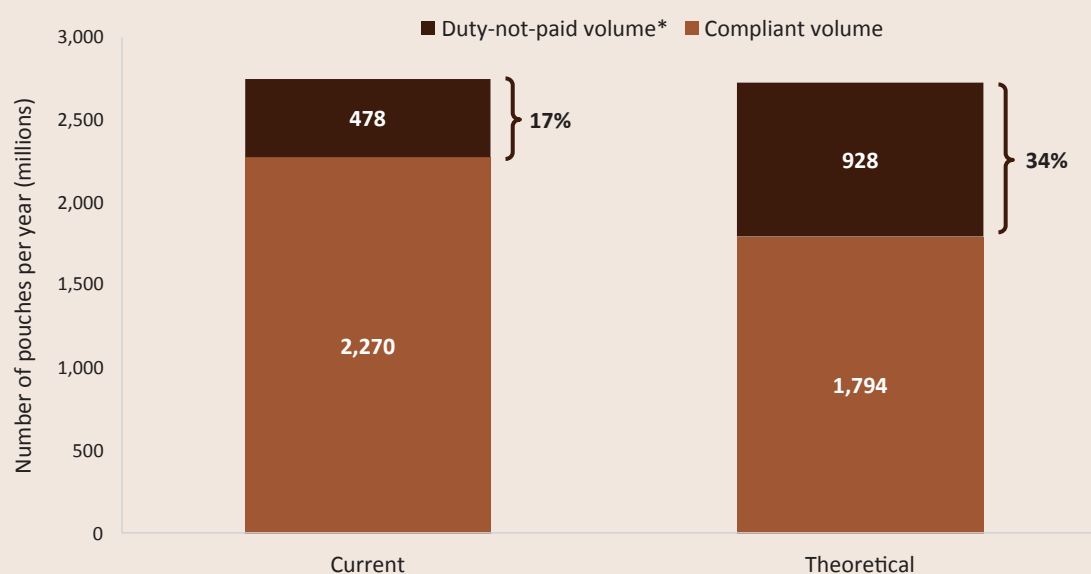
Note: Data from TobaccoIntelligence Norwegian snus user survey collected in March 2026, n=433; 95% CI [64%, 72%]

Source: TobaccoIntelligence, July 2026

In Norway, more than two thirds of consumers are using a nicotine pouch strength higher than the planned limit of 12 mg nicotine per gram of pouch weight. Many of these will end up purchasing products of the strength they want on the illicit market, and again many will not even realise that they are using an illicit product.

Case study: Norway nicotine limit proposed

Current 2026 vs theoretical 2026 market volume with nicotine limit of 12 mg/g



Note: *Consumers using an illicit product or a snus product purchased in Sweden constitute the total duty-not-paid volume; data from Norwegian snus user survey (n=433) collected in March 2026 and TobaccoIntelligence market modelling. Theoretical market volume is estimated by considering the share of impacted users who reported they would look for stronger snus abroad or online, stop using snus, or start using more lower-strength pouches per day.

Source: TobaccoIntelligence, July 2026

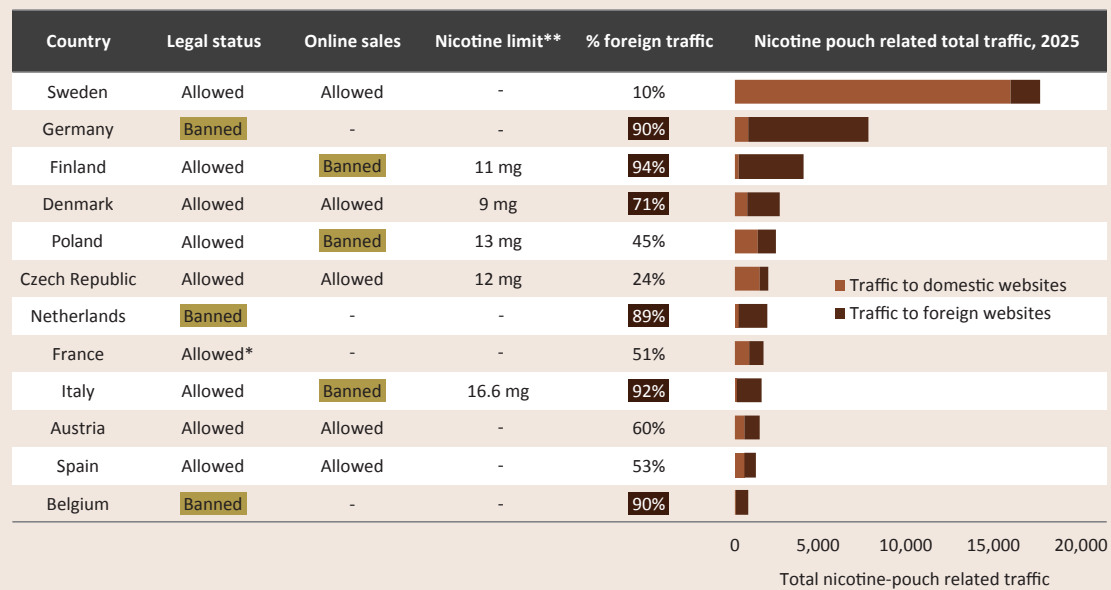
Tamarind Intelligence modelling suggests that introducing such a nicotine limit to pouches in Norway will roughly double the volume of illicit products in the market, with a consequent significant impact on the tax gathered. Although some consumers will move to lower nicotine legal products once the nicotine limits are implemented, many consumers will not be aware that such limits exist and remain with illicit products with nicotine strengths above the thresholds. As has been noted earlier, ultra-strong pouches with levels of nicotine up to 50 mg per pouch are most commonly found in markets where a ban or very low nicotine caps are in place.

2. Retail

Online

Online retail bans across Europe are not showing much success – in many markets where online retail is banned, there is still significant online activity.

Case study: Online cross-border traffic in EU markets and restrictions



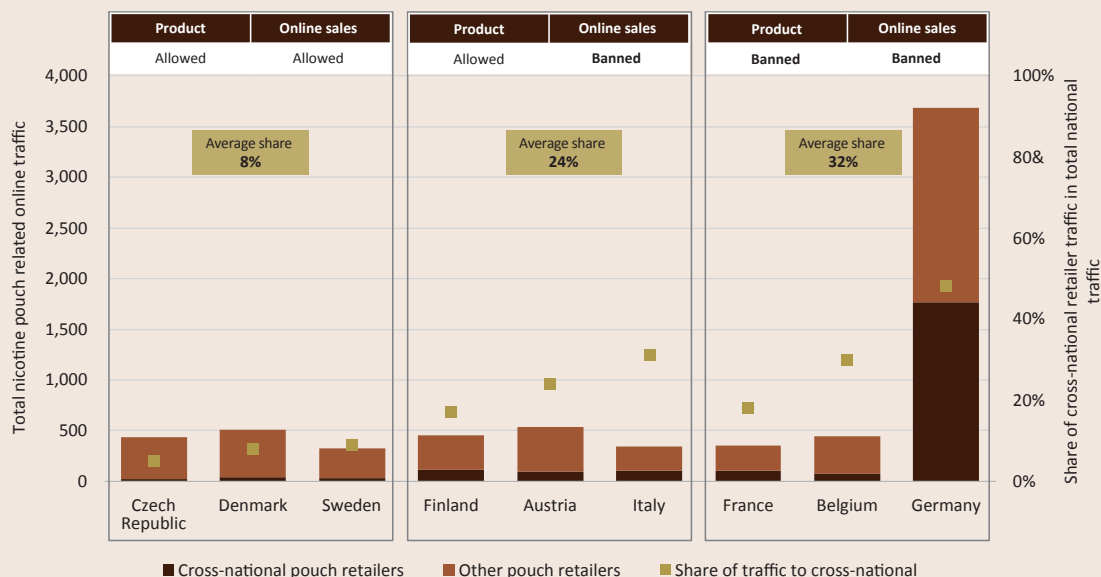
Note: Traffic data from Similarweb.com, analysed for the period Jan-Dec 2025 for single or multi-brand online retailers selling nicotine pouches in the EU; * Nicotine pouches were banned in France as of April 2026. Regulatory status as of Dec 2025 to match analysed traffic, data from Tamarind Intelligence Polaris360; **Nicotine strength limit in mg per pouch.

Source: TobaccoIntelligence, July 2026

As can be seen in the chart above, in markets where online sales are permitted, online traffic is predominantly to domestic online retailers.

But the opposite is the case in markets which ban online sales, ban the product category entirely, or apply other heavy restrictions such as a low nicotine limit. In these, online traffic is more frequently to foreign websites. Any transactions conducted with them will most likely result in imports of products that are illicit and untaxed in the strictly regulating country.

Case study: Cross-national online nicotine pouch retailers

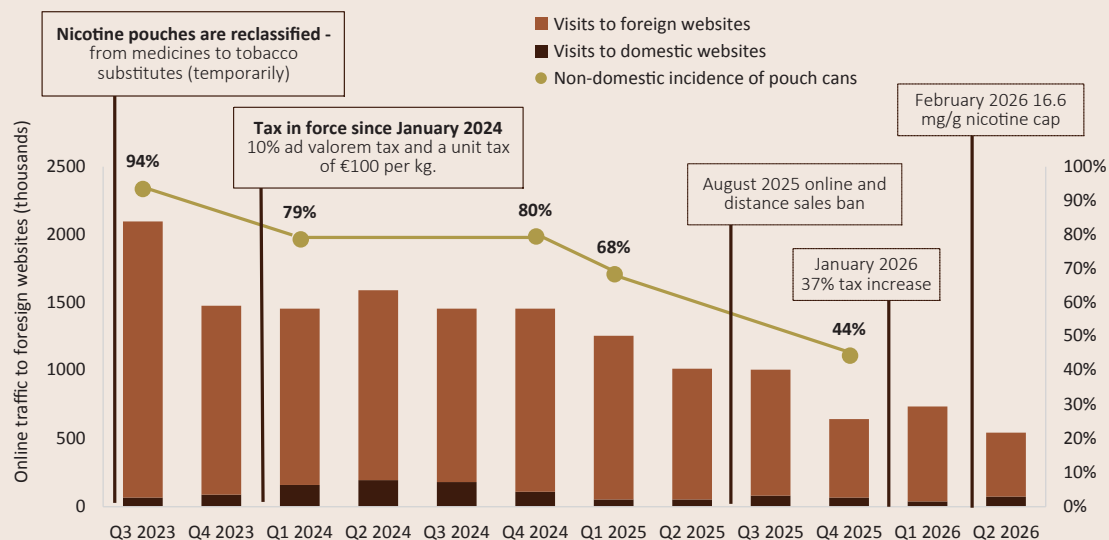


Note: data from Similarweb.com, analysed for the period Q2 2026 for pouch-focused online retailers selling nicotine pouches in the EU; cross-national websites include the four largest nicotine pouch retailers where max 30% of traffic regularly comes from a single country and the majority are within the EU; average share calculated as direct average from the three countries' percentages

Source: TobaccoIntelligence, July 2026

Countries which ban online sales tend to still generate illicit online sales while losing the legal part of the online market; most of the traffic goes to online retailers outside that jurisdiction.

Case study: Finland



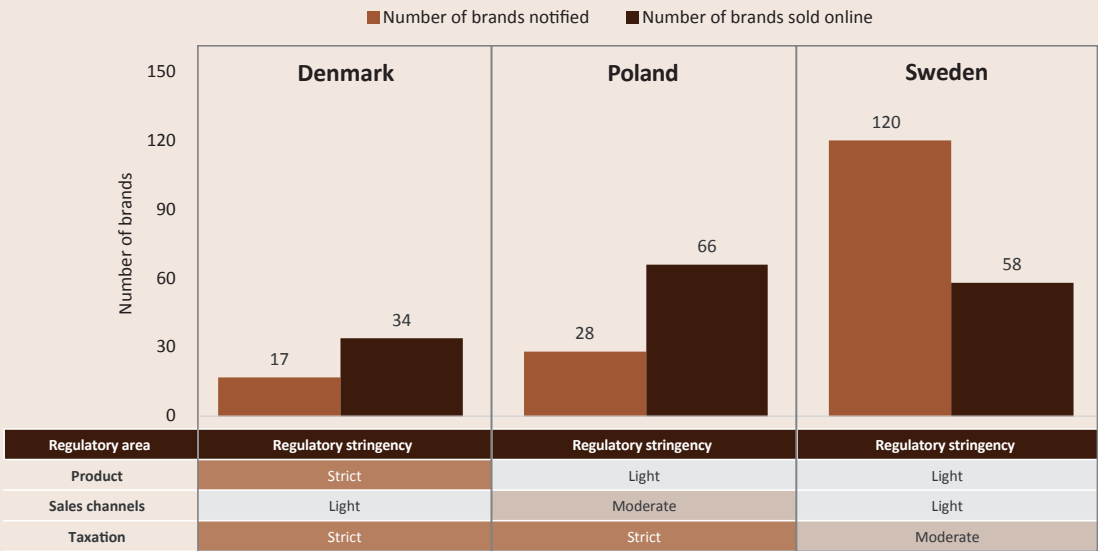
Notes: Online traffic information from Similarweb.com; online retailers that mostly sell nicotine pouches were considered. Share of products of foreign origin from WSPMM Group Empty cans survey Finland Q4 2025, January 2026

Source: Tobaccolntelligence, July 2026

Often a combination of regulatory restrictions will have a compounding effect on a market. As seen above, when Finland began to regulate nicotine pouches as tobacco products rather than de facto banning them as a medicine (as it had previously done), online traffic (and by implication online retail) was significant. After applying a tax on nicotine pouch with a subsequent increase in tax rate, and an online ban, the online traffic has not decreased significantly suggesting a significant illicit market. Finland's case suggests that once illicit sales are common in a local market it may take many years to eradicate them.

3. Administrative

Administrative compliance vs product availability



Notes: TobaccoIntelligence nicotine pouch market database Q1 2026; Notification lists accessed on 24 July 2026; Brands carried by online retailers from TobaccoIntelligence Nicotine pouch product tracker methodology (top three multi-brands retail websites specialised on nicotine pouches and receiving the majority of its traffic from the studied country)

Source: TobaccoIntelligence, July 2026

This chart shows the numbers of notifications for nicotine pouches in three EU member states and compares them to the number of brands of product tracked by Tamarind Intelligence in those markets. As can be seen, in Denmark where the product is heavily restricted, and in Poland where the tax rate is high, the number of products in the market far exceeds the number of products notified locally to the regulatory authorities, suggesting a high level of illicit product in the market.

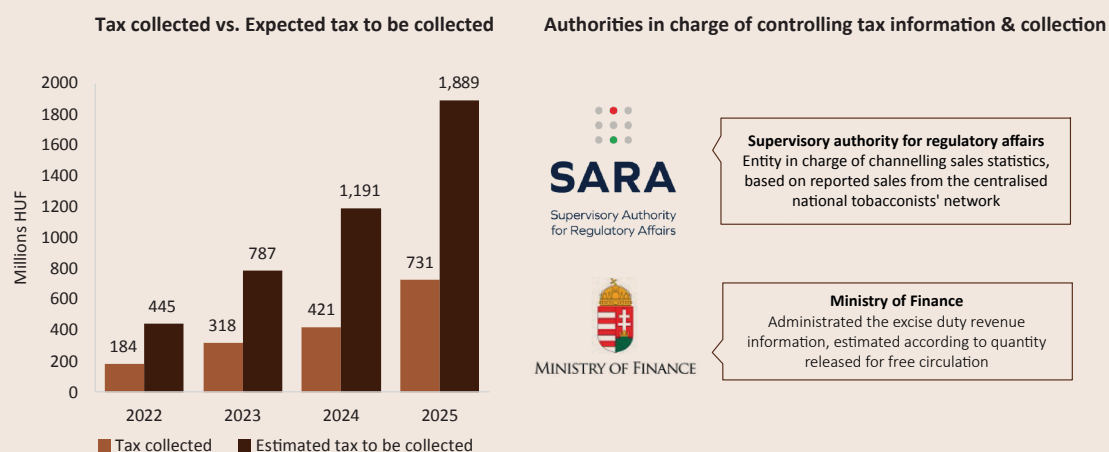
However, in Sweden, where regulation is moderate, many more brands are notified than are observed online. This suggests that many of the products notified are only sold offline (hence not found in online retail).

4. Tax

The application of tax to nicotine pouches is now common in many countries.

However, tax rates across adjacent markets can be very different, encouraging cross-border activity. Some individual consumers will legitimately purchase in the jurisdiction with the lower tax and take products across the border into the one with a higher rate. But large divergences in tax rates across borders may also encourage a good deal of illicit cross-border sales.

Case study: Hungary



Notes: Collected tax figures obtained by TobaccoIntelligence directly from national authorities in charge of excise tax collection in each country; estimated tax to be collected based on TobaccoIntelligence assumptions; tax collection rate is an estimation based on the expected tax to be collected in a year vs the collected tax reported by authorities by year; values obtained in local currency. Converted to EUR when needed, using the exchange rate as of Dec 2024 from xe.com.

Source: TobaccoIntelligence, July 2026

In the case of Hungary, we see a significant disparity between the tax expected to be collected based on the size of the nicotine pouch market, and the actual fiscal revenues collected by the tax authorities. Hungary has a tax rate which is relatively close to the median rate for EU Member States but is adjacent to EU markets with substantially lower tax rates or no tax, and non-EU countries with no tax applied. While legal cross-border trade may be taking place, it is likely that many illicit products are being sold without the required tax being paid, sourced from lower taxed countries or are counterfeit.

Section 3: Conclusions

This section sets out a summary of the findings of this report, and some of the issues to be considered by governments, regulators and the industry in order to tackle the increasing numbers of illicit nicotine pouches available to consumers.

Illicit nicotine pouches exist in many markets around the world, either as counterfeit or illegal product, or through “accidental” illicit product which is not compliant with a fragmented and complex set of rules for the product category. The size of the illicit nicotine pouch segment is growing as the category grows.

Causes of these illicit markets are multiple, including a fragmented regulatory landscape, the ease of market entry for new players, the difficulties of enforcing regulation, and the lack of consumer knowledge on which products are compliant.

The illicit nicotine pouch market has a detrimental effect on consumers who lack confidence in the standards used to manufacture the products, on governments who miss out on tax revenues due from the category and are seen to lack control over the product category, and on legitimate companies who manufacture or retail products which compete with the illicit market.

As we have seen, excessively tight regulation can encourage the development of an illicit market, and there is a correlation between heavily regulated markets and the size of the illicit segment in those markets.

With this in mind, the growth in illicit nicotine pouches could be addressed in several ways:

- ➔ The development of consistent legislation between countries which balances the need for control over the sector while not creating excessive restrictions, including tax rates which are not significantly above taxes levied in adjoining jurisdictions.
- ➔ The development of simple rules which are easy for manufacturers, brands and retailers to follow and allow enforcement by regulatory authorities.
- ➔ The development of better sources of data to monitor and enable governments to regulate the sector properly.
- ➔ More investment and cooperation between governments in eliminating illicit products from the sector.

The nicotine pouch sector will continue to grow. We predict a double digit growth over the next five years in the category whether any changes are made in the regulatory and enforcement landscape. The question is whether a substantial part of this growth remains illicit.

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TobaccoIntelligence works with stakeholders across the value chain, including manufacturers, retailers, regulators, governments, supply chain organisations and trade bodies. Its analysis combines legal, economic and industry expertise with a global network of contributors, providing clear, reliable and transparent intelligence on rapidly evolving markets.

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