

ApiraSol

E-CIGARETTES IN CANADA 2024/2025 – Q2

SUPPLY CHAIN INTELLIGENCE
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**INTRODUCTION &
METHODOLOGY**

Introduction

ApiraSol has been investigating the routes, brands, and entities involved in the trade of illicit e-cigarettes across various countries worldwide for several years.

In this particular research conducted in 2025, ApiraSol focused on the global illicit e-cigarette trade, drawing from trade data as well as open sources such as enforcement news, press releases from customs agencies, academic research papers, and online intelligence reports. The period covered for trade data spans January 2024 to December 2024, while enforcement-related news generally covers the years 2024 to 2025.

The Illicit E-Cigarette Trade: A Growing Global Challenge

The illicit e-cigarette trade is becoming a significant force reshaping the global nicotine market, fueled by rapid growth and mounting regulatory complexity. According to Euromonitor International, the illicit e-cigarette market was valued at **USD 47 billion in 2024**, representing over **70% of global spending** and roughly **three-quarters of total volume—equivalent to 605 billion cigarettes**. Furthermore, Euromonitor reported that illicit e-cigarette products exceed **80% penetration in North America, Latin America, the Middle East and Africa, and Asia Pacific**,

while Western Europe, though lower, continues to face persistent illicit trade despite increasing legislative pressures.

Regulatory Frameworks Driving Illicit Trade

Stringent bans and fragmented regulations often unintentionally fuel underground trade. Bans do not necessarily eliminate demand for e-cigarettes; where consumer interest persists despite such measures, gaps in legal supply may arise, creating opportunities for illicit suppliers to fill unmet demand. Even in countries with robust regulatory frameworks, unintended consequences may arise—strict compliance requirements and high taxation can make legal products more expensive and less accessible, while the convenience of illicit channels, including online and delivery-based sources, may further draw consumers toward cheaper, non-compliant alternatives. These conditions typically incentivize smuggling and the use of transshipment hubs in regions with weaker oversight, allowing illicit goods to infiltrate regulated markets.

Complex regulations also often create loopholes that illicit networks exploit, such as mislabeling products or routing shipments through multiple jurisdictions to obscure origins. While strong regulations aim to protect public health, without equally strong

enforcement, these often end up driving demand for illicit products rather than curbing it.

China's Regulatory Gaps and Insufficient Enforcements

China produces the vast majority of e-cigarettes globally, making its regulatory framework critical to controlling illicit trade. The **Administrative Measures for Electronic Cigarettes** (effective May 1, 2022) require that all e-cigarette products comply with mandatory national standards and that producers, exporters, and retailers obtain licenses from the State Tobacco Monopoly Administration (STMA). Similarly, the **Administrative Rules for E-Cigarettes Import-Export Trade** (issued October 2022) stipulate that only licensed exporters can ship products abroad, and exported goods must either meet the destination country's regulations or adhere to China's national standards.

In practice, however, exports are not sufficiently controlled. Loopholes in licensing, weak oversight of small-scale producers, and limited monitoring of export compliance allow unlicensed operators to bypass official channels.

Compounding these issues is weak enforcement in many destination countries. These challenges are amplified by the growing use of digital platforms such as social media, messaging apps, and

informal online channels, which make detection and enforcement even harder.

Without stronger controls and enforcement mechanisms in China, and investment in monitoring capabilities in destination countries, illicit trade will continue to thrive despite regulatory efforts.

On December 18, 2025, China's General Office of the State Council issued a policy document titled "Opinions on Combating Tobacco-Related Illegal Activities Across the Entire Chain", which sets out a comprehensive enforcement strategy against illicit tobacco and nicotine products. The Opinions explicitly bring electronic cigarettes and other nicotine-containing products under strengthened regulatory scrutiny, calling for full-chain enforcement against the illegal production, wholesale, transportation, sale, and "export re-flow" of e-cigarettes and related products. This includes tightening oversight of e-cigarette manufacturing and supply chains, cracking down on unauthorized operations, and treating unlawful export and smuggling back into China as enforcement priorities alongside traditional tobacco smuggling.

The text of the Opinions does not designate exports to overseas destination markets as independent enforcement targets; rather, references to other countries and cross-border cooperation are tied specifically to preventing illegal e-cigarette exports from re-entering China's domestic market. This confirms that the

primary focus is safeguarding China’s domestic regulatory objectives, public health, and market order, with international cooperation positioned mainly as a means to curb the re-flow of illicit products back into China. The effectiveness of China in stepping up its enforcement efforts to control the illicit trade of tobacco and nicotine products remains to be seen.

Amid the alarming surge of illicit market activity and mounting regulatory complexity, ApiraSol’s 2025 investigation into the global e-cigarette trade will map illicit trade flows, analyze seizure patterns across countries and regions, and uncover the mechanisms enabling this shadow economy.

Methodology

This report has been prepared using various data sources, including (but not limited to):

- Publicly available customs trade data for the period January 2024 - December 2024. For those countries covered in this report that don’t make their customs data publicly available, data has been obtained from the mirrored data of other countries.
- Statistical data for the period January 2024 - June 2025.
- News articles relating to enforcement and seizures.

Terminology and Definitions

Statistical Data - Numerical information representing measurable aspects of economic, demographic, social, or environmental phenomena, as produced by national statistical offices, government agencies, or intergovernmental organizations.

Trade Data - Information on the movement of goods and services between countries, typically reported by customs authorities and presented in terms of import and export volumes, values, origin, and destination.

Enforcement News - Reports and updates issued by law enforcement, customs, or regulatory agencies on activities such as investigations, product seizures, arrests, policy actions, and other official measures.

In the trade data, Origin and Destination Countries refer to the following:

Origin Countries - Shipment Origin Countries declared in publicly available trade data between January 2024 - June 2025.

Destination Countries - Shipment Destination Countries declared in publicly available trade data between January 2024 - June 2025.

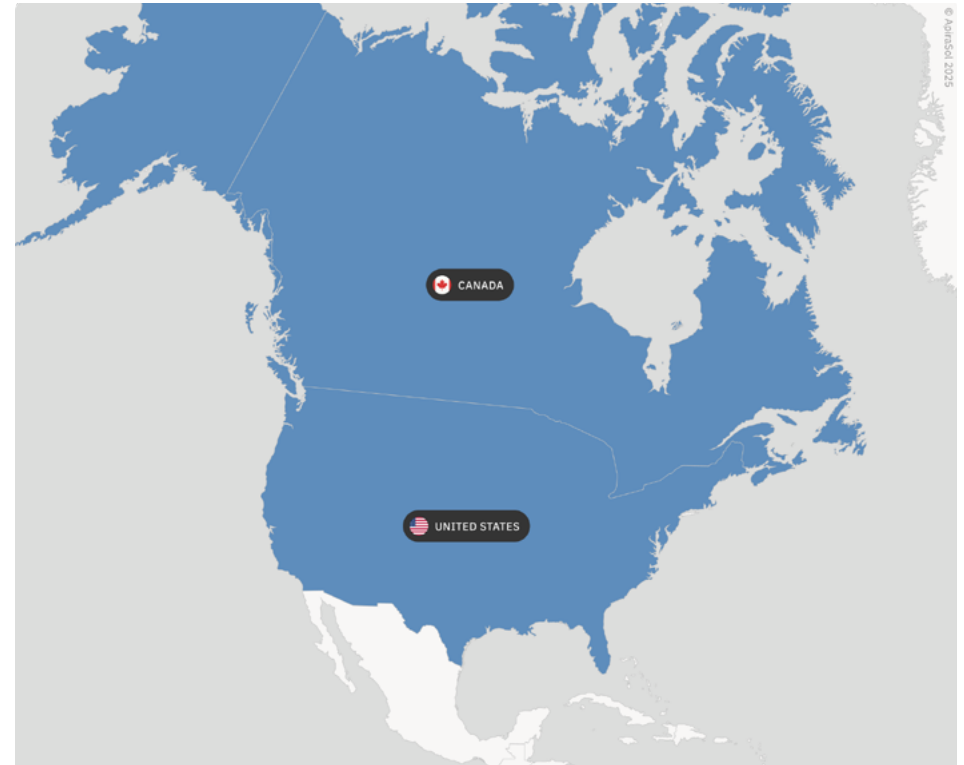
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**E-CIGARETTE TRADE -
NORTH AMERICA**

E-Cigarette Trade - North America

This report examines the trade of e-cigarettes in **Canada**.

North America's regulatory landscape for e-cigarettes is characterized by strict controls aimed at protecting public health and reducing youth access. E-cigarettes in the **United States** are regulated by the FDA as tobacco products under the Tobacco Control Act and the 2016 Deeming Rule, requiring all products to undergo the Premarket Tobacco Product Application (PMTA) process. As of 2025, only four manufacturers have received FDA authorization for sale in the U.S. market, primarily for tobacco and menthol flavors, while most flavored disposable products remain illegal. Individual states impose additional rules such as flavor bans, retail licensing, indoor vaping restrictions, excise taxes, and packaging requirements, creating a complex compliance landscape focused on youth protection and curbing unauthorized products. In **Canada**, e-cigarettes fall under the Tobacco and Vaping Products Act (TVPA), which governs manufacturing, labeling, advertising, and sales to protect youth and public health. Manufacturers must report ingredients and sales data, and several provinces already ban all flavors except tobacco.



The **United States** is China's largest e-cigarette export destination, valued in the billions, yet declared U.S. imports from China account for only a fraction of that amount. This multi-billion-dollar discrepancy strongly suggests large-scale smuggling and misdeclared shipments entering the U.S. market. In contrast, Canada shows the opposite trend, with declared imports from China exceeding China's reported exports to Canada—an indication that **Canada** being used not only as a destination but potentially as a transit point for illicit e-cigarettes into the U.S. and other markets.

In this region, enforcement actions against illicit e-cigarettes are widespread and persistent. In the **United States**, federal agencies have seized millions of unauthorized products at ports, airports, and warehouses, uncovering shipments disguised as everyday goods to evade detection. **Euromonitor estimates that over 80% of e-cigarettes in the U.S. market are illicit**, underscoring the scale of the challenge. Raids have targeted logistics hubs, retail outlets, and border crossings, revealing a steady influx of products—often originating from China. Recent investigations show that organized crime plays a growing role, with intermediaries and cartel networks helping move Chinese-made e-cigarettes through established smuggling routes. **Canada** faces similar challenges, with authorities intercepting illegal vaping products at border points, in vehicles, and through postal channels. Based on Health Canada's latest compliance report (April 2023–March 2024), 38% of specialty e-cigarette shops inspected were non-compliant, leading to seizures at 109 stores, plus 51

gas stations and convenience stores. Violations included flavored e-cigarettes and cannabis e-cigarettes sourced from both domestic and foreign suppliers. Raids across provinces have exposed a diverse and adaptive illicit market operating through convenience stores, warehouses, and online platforms. Despite these enforcement efforts, illicit e-cigarette trade in North America remains entrenched and continues to adapt.

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E-CIGARETTE TRADE -
CANADA

Summary

Statistical data for 2024 confirms that China remains the main supplier of e-cigarette products to Canada, with only a minor discrepancy—about \$7.3 million—between China’s reported exports and Canada’s recorded imports, indicating close nominal alignment.

Key factors contributing to the statistical gap are:

- **Regulatory Environment:** Canada enforces strict rules around nicotine content, packaging, and flavors for vaping products, but both Chinese and Canadian government data remain opaque, limiting market oversight and accuracy.
- **Transshipment and Re-Routing:** A significant portion of e-cigarette shipments reaches Canada via the United States, complicating direct trade tracking. Transshipment not only obscures the true origin and final destination of products, but also introduces potential risk of cross-border diversion, enabling both legal and illicit goods to bypass conventional customs controls.
- **Misdeclaration and Evasion:** While nominal trade figures are similar between Canada and China, misdeclaration under HS codes and inconsistent reporting standards can obscure the real scope and types of goods entering Canadian markets.
- **Incomplete or Delayed Reporting:** Some shipments lack complete data—such as shipment weight or transport mode—hampering transparency and granular reconciliation.

- **Customs Data Limitations:** Differences in classification standards, documentation practices, and valuation methods between Canada and its trading partners exacerbate discrepancies, making reconciliation of bilateral trade figures challenging.
- **Prevalence of Smuggling and Illicit Trade:** Canadian enforcement agencies continue to intercept illegal shipments at borders, in vehicles, and at retail points. Raids uncover flavored e-cigarettes, cannabis products, and nicotine pouches—often smuggled from the U.S. or other foreign sources and disseminated through complex distribution networks. Persistent seizures across Québec, Ontario, and British Columbia highlight ongoing demand, inventive smuggling, and the resilience of illicit supply chains.

In summary, Canada’s official e-cigarette import data is opaque and often incomplete, while complex cross-border flows and robust enforcement actions underscore the need for improved transparency, closer regulatory coordination, and continued vigilance against evolving smuggling tactics.

Regulatory Overview

Canada regulates e-cigarettes under the Tobacco and Vaping Products Act (TVPA) and the Canada Consumer Product Safety Act, with oversight by Health Canada. These laws govern the manufacture, sale, labeling, promotion, and safety of vaping products, including both nicotine-containing and nicotine-free variants.

All vaping products must comply with the Vaping Products Labelling and Packaging Regulations (VPLPR), which require child-resistant containers, clear nicotine concentration statements, and health warnings in both official languages. The maximum allowable nicotine concentration is 20 mg/mL, and products exceeding this limit are prohibited. Nicotine-free products must also carry health warnings and meet similar packaging standards.

Advertising is tightly controlled under the Vaping Products Promotion Regulations (VPPR), which prohibit youth-targeted marketing, lifestyle imagery, and endorsements. The minimum age to purchase vaping products is 18 federally, though some provinces set it at 19. Use is restricted in federally regulated public spaces under the Non-smokers' Health Act. In June 2021, Health Canada proposed the Order Amending Schedules 2 and 3 to the TVPA, aiming to restrict vaping flavours and ban all sweeteners and most flavouring ingredients, except those used to impart tobacco, mint, or menthol profiles.

Statistical Data (China as Origin)

China's declared exports of e-cigarettes to Canada in 2024 totaled \$277,181,000, while the Canada's declared imports from China reached \$284,489,000—creating a **discrepancy of approximately \$7.3 million**. This minor statistical gap likely reflects routine differences in data recording, shipment timing, or classification and does not indicate major irregularities in bilateral trade flows.

Total Value 2024:

- Total Exports from China 2024: \$277,181,000
- Total Imports from China 2024: \$284,489,000
- **Statistical Gap: \$7,308,000**

EXPORTS OF E-CIGARETTES FROM CHINA TO CANADA - STATISTICAL DATA (ITC DATABASE)

HS Code	HS Code Description	ORIGIN COUNTRY	DESTINATION COUNTRY	Value in 2024 (Unit : US Dollar thousand)	Value in 2025-Q1 -Q2 (Unit : US Dollar thousand)
24041200	Other products containing nicotine, intended for inhalation without combustion	CHINA	CANADA	226,036	98,365
24041990	Other products containing nicotine substitutes, intended for inhalation without combustion	CHINA	CANADA	1,117	229
24041910	Other products containing tobacco substitutes, intended for inhalation without combustion	CHINA	CANADA	0	0
85434000	Electronic cigarettes and similar personal electric vaporizing devices	CHINA	CANADA	50,028	22,651
Total:				277,181	121,245

IMPORTS OF E-CIGARETTES TO CANADA FROM CHINA - STATISTICAL DATA (ITC DATABASE)

HS Code	HS Code Description	ORIGIN COUNTRY	DESTINATION COUNTRY	Value in 2024 (Unit : US Dollar thousand)	Value in 2025-Q1 -Q2 (Unit : US Dollar thousand)
2404120000	Products containing nicotine, intended for inhalation w/o combustion	CHINA	CANADA	226,152	109,897
2404190000	Products cont tobacco/nicotine substitutes, intended for inhalation w/o combustion	CHINA	CANADA	847	187
8543400090	Electronic cigarettes and similar personal electric vaporizing devices	CHINA	CANADA	51,764	27,872
8543400010	Electronic cigarettes and similar personal electric vaporizing devices	CHINA	CANADA	5,726	2,490
Total:				284,489	140,446



Exports from China to Canada

277,181,000

Total 2024 Value (USD)
1H 2025 Value (USD): 121,245,000

Imports to Canada from China

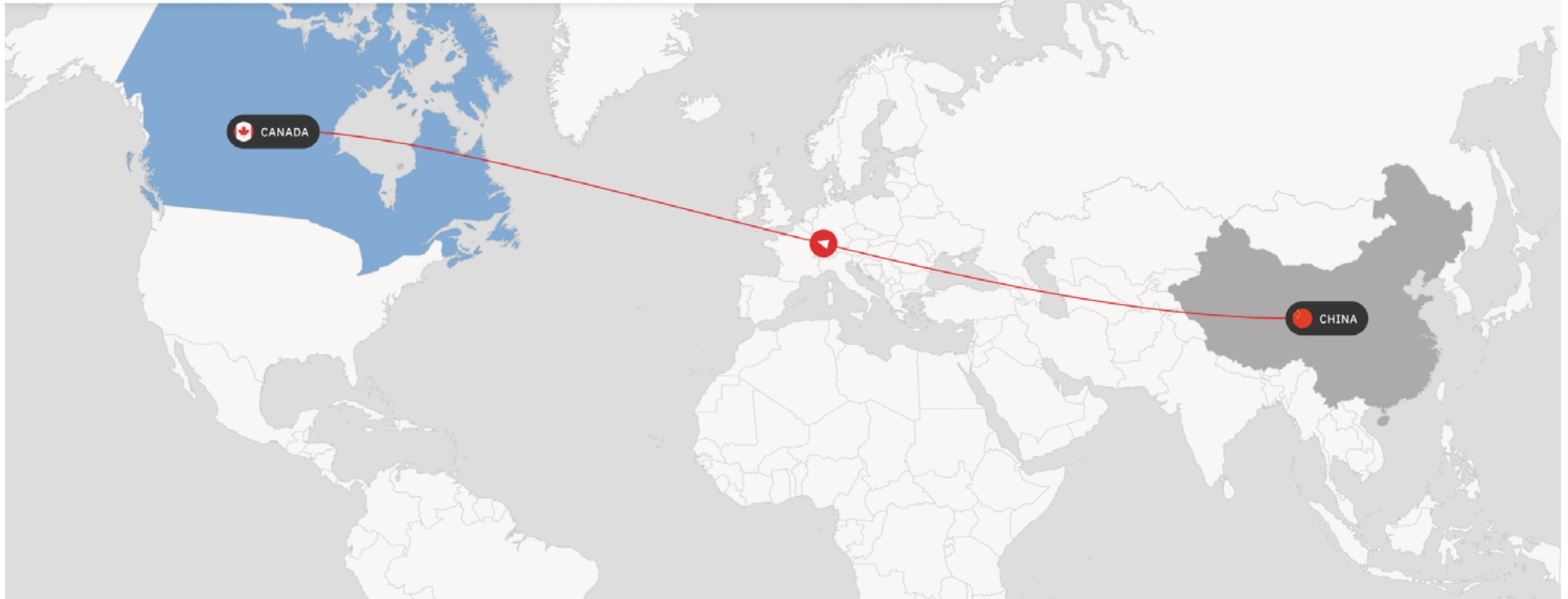
284,489,000

Total 2024 Value (USD)
1H 2025 Value (USD): 140,446,000

Statistical Data Gap *

-7,308,000

* Difference between the Exports and the Declared Imports (USD)



The online articles report on **seizures of illegal e-cigarette products in Canada**.

Canadian enforcement agencies have intercepted illegal e-cigarette shipments at border crossings, in vehicles, and at retail outlets across provinces such as Quebec, Ontario, and British Columbia. Seizures include flavored e-cigarettes, cannabis e-cigarettes, and nicotine pouches, with some products smuggled in from the United States or unidentified foreign sources. Raids have taken place at convenience stores, warehouses, and through postal channels, reflecting a persistent and varied illicit market.

Flavored vaping products—often restricted by law—remain a major target of enforcement, with police and border teams disrupting organized crime and intercepting large contraband shipments. Despite ongoing regulatory efforts, challenges persist as banned products continue to reach consumers through evolving supply chains and online channels. Law enforcement maintains an active response, but the market’s adaptability and demand for flavored goods continue to test regulatory effectiveness.

- **Locations of Seizures:** Border crossings (Cornwall, Ontario), roadside stops (Sicamous, BC), retail outlets (Gatineau, Salaberry-de-Valleyfield, Quebec), and warehouses.
- **Products Seized:** Thousands of flavored and high-nicotine e-cigarettes, nicotine pouches, e-liquids, unstamped cigarettes, cigars, and cannabis e-cigarettes—mostly items failing

to meet Canadian packaging or ingredient regulations.

- **Brands Seized:** **Various unidentifiable brands**, and various unidentified flavored nicotine pouch brands—primarily sourced from Chinese and U.S. suppliers.
- **Methods:** Products were smuggled from the United States or overseas, concealed in vehicles, hidden in warehouses, and sold in convenience stores and unlicensed retail locations. Distribution depended on resilient and informal illicit supply chains, often exploiting cross-border diversion.
- **Enforcement:** Police and border agents raided stores, warehouses, and border points, confiscated illegal stock, impounded vehicles and cash, and charged suspects. Ongoing enforcement efforts highlight persistent demand and the challenges of stemming illegal circulation despite regulatory bans.



CANADA ILLCIT TRADE OVERVIEW

Canadian enforcement agencies have intercepted illegal e-cigarette shipments at border crossings, in vehicles, and at retail outlets across provinces such as Quebec, Ontario, and British Columbia. Seizures include flavored e-cigarettes, cannabis e-cigarettes, and nicotine pouches, with some products smuggled in from the United States or unidentified foreign sources. Raids have taken place at convenience stores, warehouses, and through postal channels, reflecting a persistent and varied illicit market.

Legend

- Interception
- Seizure
- Raid
- ENDS are regulated



Police in Salaberry-de-Valleyfield, Quebec, seized over 200 illicit e-cigarettes and more than \$90,000 in cash from a shop on Saint-Joseph Street. The operation followed a public tip and revealed that the store had been selling flavored vaping products in violation of tobacco laws.

Local news

Illicit vaping products seized in Salaberry-de-Valleyfield



Legend



Seizure



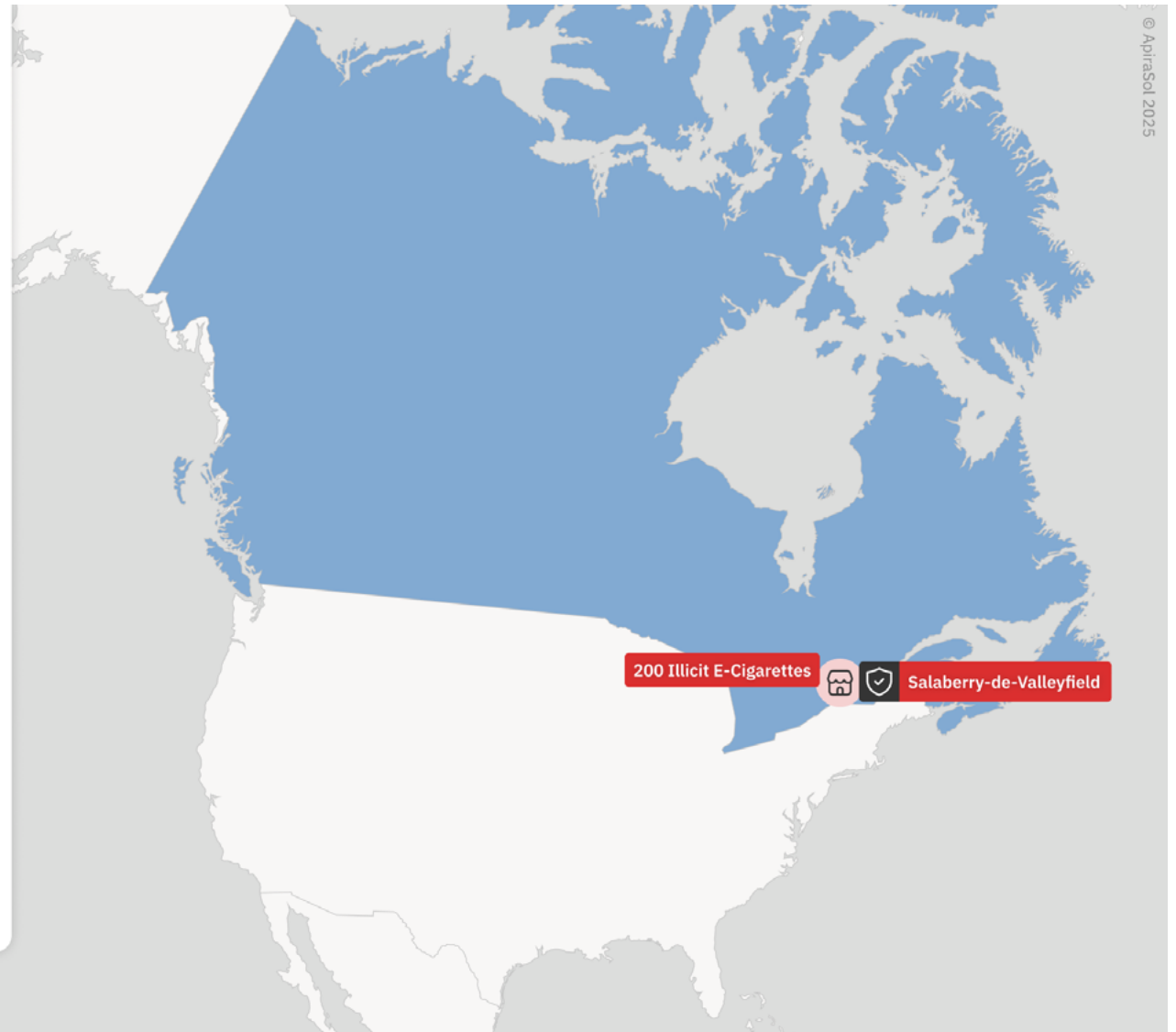
Shop



ENDS are regulated

Source

Police in Salaberry-de-Valleyfield, Quebec, seized over 200 illicit e-cigarettes and more than \$90,000 in cash from a shop on Saint-Joseph Street. The operation followed a public tip and revealed that the store had been selling flavored vaping products in violation of tobacco laws.



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