

Dutiable Commodities (Amendment) Bill 2009

Position Paper of the Hong Kong Council on Smoking and Health

Hong Kong Council on Smoking and Health (The Council)

The Council was first established in 1987. It is a statutory body vested with functions, as set out in the “Hong Kong Council on Smoking and Health Ordinance” (Cap. 389) to protect and improve the health of the community by: 1) informing and educating the public on the harm of smoking and its adverse effects on health; 2) conducting and coordinating research into the causes, prevention and cure of tobacco dependence; and 3) advising the Government, community health organizations or any public body on matters relating to smoking and health.

Under such a charter, the Council has taken up the role as an active player and commentator on all issues relating to tobacco control. We aim to act within our charter in response to changing local environment as it affects the promotion of tobacco and the epidemic caused by smoking.

Introduction

The Council recommends the Bills Committee to support the increase of the duty rates of tobacco.

Recommendations of the Council on Increasing Tobacco Duty

The economics and livelihood of Hong Kong has been severely hurt under the finance tsunami. It becomes a critical issue on how to reduce the Government’s financial pressures and the economic burden of Hong Kong public. In fact, tobacco usage leads to huge losses in both economics and human life every year. Hong Kong has already adopted total smoking ban in indoor premises on 1 January 2007; if the Government can further adopt a regular tobacco duty increase policy and allocate more resources to encourage smoke cessations, youth smoking can be effectively reduced and smoke cessation will be encouraged. At the end, the Government’s financial pressures and the economic burden of Hong Kong public will be significantly reduced.

Smoking Leads to Huge Social Losses

Every year, the morbidity of smoking-related diseases is about 6,000; while that of second-hand smoke is about 1,300. On the average, 20 Hong Kong people loss their lives everyday due to tobacco usages. Smoking, however, is one of the few preventable causes of disease.

Smoking not only leads to human life losses, but also costs huge economics loses. According to the 2005 research on the Hazard of Smoking and Second-hand Smoke by the Department of Community Medicine and School of Public Health of The University of Hong Kong, smoking costs the Hong Kong economy 5.3 billion every year. The loss includes health care use and productivity losses due to premature death, but has not included losses of human live. On the contrary, the revenue of tobacco duty of 2007 was only 2.7 billion, which could hardly compensate the huge loss of economics and human lives.

World Health Organization (WHO) Urges Countries to Adopt a Comprehensive and Integrated Approach to Tobacco Control

In view of smoking and second-hand smoke poses a serious public health threat and a huge loss to the community, WHO has been urging countries to adopt a comprehensive and integrated approach to control the spread of smoke hazard. The strategy includes substantial duty increases to raise cigarette prices, legislation of smoke free law to establish smoke-free public places and workplaces, prohibition of any form of tobacco advertising and promotion, and also the promotion of smoking cessations.

Tobacco Products is at a Very Low Level of Affordability

Before the increase in tobacco duty, the retail price of major cigarette brands is about \$29 per pack, of which about \$16.08 (55%) is the tobacco duty. As in 2006, the price of 100 cigarette packs is about 1.21% of GDP per capita, which is at a very low level of affordability. Duty rate of 55% is also lower than the recommended level of 66% to 88% of the World Bank. A tobacco duty increase of 55% can only meet the lower bar of the international standard, and there is still considerable room for the

increase.

Increase in Tobacco Duty is Effective in Reducing Tobacco Consumption

The Hong Kong tobacco control is still inadequate according to the WHO standards. Hong Kong had started the implementation of comprehensive smoke-free policy on 1 January 2007, but it did not reduce the tobacco consumption. According to the figures released by the Customs and Excise Department, the number of duty-paid cigarettes from October 2007 to September 2008 is 3.756 billion. There is an increase of 9.1% as compared to 3.443 billion of duty-paid cigarettes in the same period from 2006 to 2007. This situation is due to the low tobacco prices in Hong Kong, and the public does not reduce the cigarette consumptions even at the downturn of economics.

Increase in Tobacco Duty Encourages Smoke Cessations

Increase in tobacco duty is recognized as one of the most effective tobacco control measures internationally. Tobacco company's internal documents also showed that they were worried by the tobacco duty increase policy and recognized cigarette prices increase via duty increases was very effective in reductions of tobacco consumptions. Therefore, they have been actively lobbying the government to prevent the implementation of this policy.

As pointed out by the six effective tobacco control measures (MPOWER) by WHO in 2008 and the international experience, the increase in cigarette prices via the duty increase is effective in reducing tobacco consumption and also encourages smoke cessations. For instance, the New York government had increased the tobacco duty from US\$1.25 to US\$2.75 per pack in June 2008. The increase in tobacco duty made the cigarette price US\$10 per pack. The smoke cessation hotline received about 10,000 calls one week before the implementation, and the number of calls increased by three times as compared to 2007. It was estimated that the increase in tobacco duty encouraged about 140,000 New York citizens to quit smoking. This example in New York reflects that the increase in tobacco duty is effective in encouraging smoking

cessations.

After the increase of tobacco duty on 25 February 2009 in Hong Kong, the Department of Health Smoking cessation hotline inquiries hit a record high figure. The hotline received 725 telephone inquiries in the next two days (an average of 362 a day) which was more than 29 times before. Tobacco duty increase can definitely encourage smoke cessation.

Increase in Tobacco Duty Helps Prevent Youth Smoking

The international experience pointed out that legislation in smoke-free public places and workplaces could encourage smoke cessation, but was not very effective in preventing youth smoking. World Bank report in 1999 pointed out that the youth was most sensitive to tobacco price, therefore an increase in cigarette price via duty increase was effective in preventing youth smoking. In Hong Kong, cheap cigarette prices not only promote youth smoking but also pose a major resistance to tobacco control.

The Public Supports Tobacco Duty Rates Increases

Since the 5% increase of tobacco duty rate in 2001, tobacco duty rate has been frozen for 8 years. Although we have implemented a comprehensive smoke-free policy, the cigarette consumptions still increase. If the tobacco tax rate remains unchanged or even delinks with the price index, the cigarette price will be very affordable for the smokers and youth. The situation induces a higher consumption, and smoking and second-hand smoke lead to even more economic and life losses.

The Council started a signature campaign titled "Protect our Health and Lives, Support Raising Tobacco Duty" in January 2009, which had successfully collected more than 10,000 signatures, which reflected that the public supported the tobacco duty increases.

Hong Kong Needs a Comprehensive and Integrated Approach to Tobacco Control

According to "Seeing Beneath the Surface – The Truth About the Tobacco

Industry's Youth Smoking Prevention Programmes" a publication of the World Health Organization in 2003, a comprehensive and integrated approach to tobacco control is necessary. To be effective in deterring the use of tobacco, increasing tobacco taxes and promoting smoking cessation should be hand-in-hand with the prohibition of all forms of tobacco advertising and promotions, and the implementation of smoke-free places by law.

Conclusion

In conclusion, Hong Kong should increase the tobacco duty in the views of economic, the livelihood of the people, and public health. The Council suggests the Government to adopt a regular tobacco duty increase policy to make tobacco control more effective, and to increase the duty at a rate of 5% on top of the consumer price index every year.

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