



Bluebell Cigars Hong Kong Ltd.

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Bluebell Cigars 's Written Submission to the Legislative Council Panel on Health Services Regarding Legislative Proposals to Strengthen Tobacco Control.

23 June 2015

Bluebell Cigars writes with reference to the recent legislative proposals by the Legislative Council Panel on Health Services (hereafter referred to as the Panel) to strengthen tobacco control in Hong Kong.

Proposed Additional Measures of Health Warnings on Tobacco Products

As outlined in paragraph 17 of the Progress of Tobacco Control Measures paper (Ref: LC Paper No. CB(2) 1456/14-15 (07)) the Panel proposes to amend the prescribed forms (including specifications) of health warnings, the size and number of health warnings and messages for packets or retail containers of tobacco products to an area where the graphic health warning "shall be of a size that covers at least 85% of two largest surfaces of the packet and of the retail container."

Bluebell Cigars Positioning Review

Cigar smokers in Hong Kong have generally been older consumers with higher purchasing powers.¹ With cigars considered a luxury tobacco product, for smokers, cigar smoking is an occasional enjoyment, its price positioning meaning that cigars tend to be smoked occasionally rather than daily. The level of cigar sales in Hong Kong was still relatively low in 2013, accounting for only a marginal volume share of total tobacco volume sales, with cigar users only representing 1% of surveyed smokers in the city.² From an international standpoint, public health bodies in other governments have defined cigars as a specialist tobacco product, and given the low rate of use of cigars, especially amongst young people, should for the moment not be subject to the same standardized packaging rules.³

Bluebell Cigars agrees that the adult, occasional – cigar smokers should be informed about the risks associated with smoking. We are also of the opinion that the current proposals to amend legislation to an area that covers at least 85% of the packet or retail container to be a disproportionate response towards tobacco control of cigars.

The Panel should be made aware that cigars are generally produced in small production runs, with one of the most salient features of the cigar industry being that its products are being produced and sold in an enormous variety of models, brands, sizes and types of packaging. We believe that health warning label sizes of 85% without a maximum

¹ Euromonitor International, *Tobacco Country Report - Cigars in Hong Kong, China* 15 March 2015

² *ibid.*

³ Department of Health of the United Kingdom, *Consultation on the introduction of regulation for standardized packaging of tobacco products.* June 2014



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measurement would result in enormous warnings on certain cigar packaging. Added to this we are not aware of any cigar specific scientific data that indicates that larger pictorial and text health warnings are a more effective means of informing adult cigar smokers than the current 50% pictorial and text health warning. Today's 50% health warning stipulation applicable to cigar packaging is already more visible in comparison to other tobacco products and is sufficient to inform the consumer on the risk associated with smoking. Given the lack of prevalence of cigar smoking amongst the population the 85% health warning label proposal that would apply to cigar packaging would be an entirely disproportionate response.

From an international perspective, Article 11(1)(b)(iv) of the World Health Organization's Framework Convention on Tobacco Control (FCTC) calls for tobacco packaging to cover more than 50% of the principal display areas but shall be no less than 30% of the principal display areas. With the People's Republic of China and by application Hong Kong having signed and ratified the Convention, the current health warning labels in Hong Kong are already in compliance with its obligations under the FCTC.

To give a recent example on tobacco packaging decisions undertaken in other countries, it should be of note that Article 10 (1)(c) of the Revision of the Tobacco Packaging Directive⁴ as adopted and to be transposed into the national laws of Member States of the European Union calls for pictorial and text health warnings to cover a combined value of 65% of both external front and back surface of any unit pack and any outside packaging. Furthermore "for tobacco products for smoking, other than cigarettes and roll-your-own tobacco products which are typically consumed by older consumers and smaller groups of the population, it should be possible [for Member States] to grant an exemption from certain labeling requirements as long as there is no substantial change of circumstances in terms of sales volumes or consumption patterns of young people."⁵

Furthermore, counterfeiting and the parallel importation of cigars is an increasing problem in our trade. One of the ways we alleviate the issue is through the use of our warranty stickers that feature on each box and pack. The introduction of an 85% health warning label will in a majority of instances cover up a substantial portion of the label thereby taking the option away from the consumer to make informed choices about their purchase. The 85% requirement will also make it more difficult for us as an industry to track and trace the contraband cigar activity that occurs within Hong Kong's borders. Taking Australia's introduction of plain tobacco packaging as an example, since its introduction in 2013 there has been a growth of illicit tobacco consumed in Australia, rising to 14.5% of total tobacco consumed in 2014,⁶ a result that the 85% health warning label introduction will also undoubtedly lead to in Hong Kong.

⁴ European Commission 2014/40/EU of 29 April 2014, *Revision of the Tobacco Packaging Directive* OJ L 127/1

⁵ *ibid*

⁶ KPMG, *Illicit Tobacco in Australia - 2014 Full Year Report*, 30 March 2015 p. 46



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Bluebell Cigars therefore strongly urges the Panel to reconsider its proposal to increase health warning labels on cigar products from 50% to 85% of the principal display area. Cigar smoking in Hong Kong has not shown to be as omnipresent as other tobacco products and is generally popular with older age groups of society. Additionally cigar packaging spanning across various sizes is already much larger and visible than other tobacco counterparts. The enlarged health warning label requirement will also run the risk of creating a bigger counterfeit and contraband cigar trade in the region. We trust that the Panel will come to a careful and objective conclusion that is proportionate and in line with international examples related to cigar package labeling.