MEDIA INFORMATION

FOR IMMEDIATE RELEASE

Just how balanced is the UK *"Future of Tobacco Control Consultation"* debate?

United Kingdom, 16 January 2009 – In response to the publication of proposed legislation banning retail displays of tobacco products announced today in the House of Lords, Japan Tobacco International ('JTI') is concerned that there is no reliable evidence to support the proposal.

JTI is also questioning strongly the adequacy of the Department of Health ('DOH') consultation process, the consideration given to responses and the statistics used in the consultation report (published 9 December 2008). This is particularly concerning given the ramifications of the legislation in relation to the likely increase in illicit tobacco trading and consequent reduction in income for smaller independent retailers.

The DOH has placed great emphasis on the number of people who took part in the consultation and Alan Johnson MP, Secretary of State for Health, stated that: *"The overwhelming response from 100,000 people consulted was that we should remove tobacco from display"* [1]

Eddy Pirard, JTI Regional President for UK and Ireland, commented:

"When you read the list of respondents you begin to understand what is meant by the term "overwhelming responses". To be precise 79,272 appear to be from employees working for government agencies, NGOs and charities which are either funded or supported by the Government – not so much a public consultation, more of a public sector consultation. This emphasis clearly creates a distorted view of the consultation process. The answer was guaranteed before the question was asked."

Such concerns are illustrated by the fact that trade and industry organisations representing businesses affected by the ban are only counted as 21 responses. In practice, they represent the views of hundreds of thousands of members, many of whom have naturally relied upon their trade bodies to support their views in a public consultation process.

Insufficient weighting has been given to the quality and extent of the argumentation made in opposition to a display ban on tobacco products. The substantive nature of the detailed and evidence-based responses provided by stakeholders like JTI, which supplied expert analysis and demonstrated that there are better ways of reducing youth smoking, has not been appropriately contrasted with responses simply in the form of 'e-postcards'.

The consultation report also does not give a balanced view of the qualitative evidence provided by stakeholders who argued against the ban. Submissions and research provided by two major retail trade associations (Association of Convenience Stores and Tobacco Retailers Alliance), who represent some 50,000 retailers, were not even referenced once in the report.

The large amount of evidence from both Canada and Iceland showing display bans have not reduced youth smoking was simply ignored. [2] The rationale for a ban given the lack of evidence has been questioned by a number of politicians from across all political parties.

The facts as they exist are that the ban in Canada has the potential to close 30% of smaller independent stores. [3] If this is translated across the UK this will mean potentially 15,000 businesses are at risk and significantly 75,000 jobs.[4] In real terms proposals to have a tobacco display ban could have an impact on unemployment at 2 ½ times greater than the closure of a household name such as Woolworths.

Also a significant unintended consequence of the ban, which has been neatly side stepped in the consultation document, is the expected increase in criminal activity. The growth in illicit trade in tobacco, as sales are displaced from the independent retailer, is likely to climb from its current level of up to 30% or nearly a third of all tobacco smoked in the UK.[5]

Who will benefit from this? Not the Chancellor and in turn the tax payer, but organised criminals and gangs whose reach covers drugs, people trafficking, and counterfeiting. These criminals and the criminals who sell on their behalf have no intention of asking for ID cards or proof of age for people under the age of 18, unlike retailers who are aware of their responsibilities in the community.

Eddy Pirard concluded, *"The Government should think again and review and revise its consultation report to ensure that proper consideration is given to the detailed submissions provided by tobacco manufacturers and the trade associations which represent tens of thousands of retailers. It should also fully examine the unintended consequences of a display ban, namely growth in the illicit trade in tobacco and the potential for widespread closures amongst smaller independent stores."*

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Footnotes:

[1] Queen's Speech debate in the House of Commons – Hansard 11.12.08

[2] A fact not highlighted by the DOH is that in Canada a tobacco display ban was not introduced in all provinces at the same time. Initially, a display ban was introduced only in Manitoba and Saskatchewan and other provinces have followed, with many bans only coming into force in 2008. Evidence that a ban works is being based on a short period of time and indeed where a ban has been in force for some time, there were no statistically significant results for any reduction in the number of young people smoking in those provinces.

[3]Canadian Convenience Stores Association – CCSA represents the collective economic interests of C-Store retailers and vendors in Canada and acts as the industry voice on matters of consequence with all levels of government and community groups.
www.conveniencestores.ca

[4] JTI estimate based on a universe of 50,000 independent stores, who on average, employ 5 people in each of their stores.

[5] Estimates of total Non-UK Duty Paid (NUKDP) cigarette and handrolling tobacco (HRT) consumption based on HM Revenue & Customs 'Measuring Indirect Tax Gaps' report 2008, total NUKDP cigarette consumption and the cigarette equivalent of HRT, calculated as 0.4g HRT per cigarette.

Notes to Editors:

Japan Tobacco International is a subsidiary of Japan Tobacco Inc., the world's third largest global tobacco company. It produces three of the top five worldwide cigarette brands: Winston, Mild Seven and Camel. Other international brands include Benson & Hedges, Silk Cut, Sobranie of London, Glamour and LD.

With headquarters in Geneva, Switzerland, and net sales of USD 8 billion in the fiscal year ended December 31, 2007, Japan Tobacco International has more than 23,000 employees and operations in 120 countries. Since April 2007, Gallaher Limited ("Gallaher"), the UK-based tobacco products manufacturer, has also formed part of the Japan Tobacco Group.

JTI, which has its UK headquarters in Weybridge, Surrey, has a long-standing, significant presence in the UK market. Its UK cigarette brand portfolio includes Benson & Hedges, Silk Cut, Camel, Mayfair, Sovereign and More, as well as a number of other tobacco products including cigars (such as Hamlet), roll-your-own tobacco and pipe tobacco. JTI manufactures product for the UK market at sites in the UK (in Northern Ireland and Cardiff) and outside it (for example, in Germany).

JTI's response to the UK Department of Health's Consultation on the Future of Tobacco control is available at: http://www.jti.com/cr/industry_regulation