

An open letter to the Hong Kong SAR Government



Hong Kong Council
on Smoking and Health



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Clear the Air



Price measures have been shown around the world to be the single, most effective measure in reducing tobacco use, especially among the young. Tobacco is responsible for 7,000 deaths and community costs of more than five billion dollars annually in Hong Kong. We urge the Government to review its tobacco control strategy and ensure that in particular its legislative and fiscal measures are comprehensive, coherent and rigorously enforced. The protection of young people from addiction to tobacco should be one of our highest public health priorities.

Taxation

- Hong Kong's tobacco is cheap in relation to GDP per capita and comparison with other jurisdictions. In 2009 the most popular price category retail prices per 1,000 sticks were: Hong Kong €159, Vienna €180, Melbourne €203, Copenhagen €214, Helsinki €220, Frankfurt €235, Paris €265, Singapore €265, New York €300, London €369, Dublin €423. In other words, cigarette price in Hong Kong is currently only 60%, 53% and 43% of that in Singapore, New York and London, respectively.
- Rises in tobacco duty are recognized by the World Bank and World Health Organization as essential public health measures but raising tax must go hand in hand with other comprehensive tobacco control measures to be effective and worthy of survey.
- Failure to raise tobacco tax is in breach of the FCTC treaty ratified by China.
- Young people are most sensitive to price; an increase in duty which raises price by 10% will reduce cigarette consumption by 5% overall, but youth is up to three times more sensitive to price. Cheap tobacco penetrates youth markets very effectively. Taxation should at least match inflation to influence price elasticity and affordability.
- Effective taxation must be 75%-80% of retail price whereas currently in Hong Kong it is only between 61-66%.
- There are about 750,000 smokers in Hong Kong. One in two smokers is killed by disease caused by tobacco; **each 10% rise in price will prevent at least 18,000 deaths.**

- All duty free sales of tobacco should be abolished since this is a source of black market trading. The allowance of three packets per trip is pointless and leads to additional work for customs officers at the border posts, reflected in the increased seizures last year after the budget increase.
- Failure to raise tobacco tax is an admission of failure of law enforcement to be able to cope with illicit tobacco and destines more youth to addiction. Additional law enforcement measures can, if necessary, be funded by additional revenue from duty. This would be a public health approach which protects young people from nicotine addiction and ultimately a premature death.

Anti-smuggling action

A possible increase in smuggling has been given as a reason for not increasing tobacco excise duty. However, a wide range of failsafe measures is available to combat large scale smuggling:

- Hologram duty paid stickers should be used to mark all cigarette packets and these tax stickers must be prepaid by the tobacco companies.

Mandatory tracking by pack and case marking of any imported cigarettes for which the technology has long been available. Mandatory fines on local tobacco companies for any genuine non duty paid product found in Hong Kong at a rate of 100 times the duty paid retail price of the product, increasing double fold each time a seizure is made.

- Mandatory minimum fines of \$10,000 for possession of illegal non duty paid cigarettes by smokers. Licence all cigarette exporters, manufacturers and distributors and require detailed records of their activities and supply chain tracking and tracing.
- Licence all retailers who wish to sell cigarettes; they would first be warned, and then lose their licence, if found selling illegal cigarettes plus receive punitive mandatory fines for selling any tobacco product to under-aged youth.
- Increased anti illicit tobacco operations and manpower are of little use without mandatory penalties, including mandatory punitive fines and prison sentences for selling or importing non duty paid or other illicit tobacco. Courts should have no option other than to jail the culprits. Tobacco, like drink driving kills. Enforcement will have an immediate effect especially on health protection for youth.
- The European Community has issued major lawsuits against the main world tobacco companies in relation to smuggled contraband tobacco. As a result, in 2004 Philip Morris, followed later by Japan Tobacco International, agreed a settlement with the EU whereby major financial compensation would be paid by the tobacco companies over a period of years to EU and additionally that the tobacco companies would institute a track and trace system on their products. Any genuine article contraband found smuggled into the EU would result in agreed punitive fines.

We ask why a similar mechanism has not been set in place in Hong Kong to protect public health?

Smoke-free Hong Kong

Hong Kong needs greater investment in tobacco control to match the demonstrable burden of harm done to the community.

- We need a ten fold increase in tobacco control officers paid for from increased duty and reduced health care costs, to underpin effective enforcement. Macau has 70 officers for 544,000 people whereas Hong Kong has less than 100 TCO's for 7 million population.
- There should be a legal onus on bars, restaurants, mahjong parlours and all workplace managers to enforce the tobacco control laws, with penalties similar to those already in place overseas and similarly proposed in Shanghai for failure of enforcement by management, including loss of restaurant and liquor licences. Breaches of the tobacco control legislation should be on a par with other violations of health and safety in catering premises which are the responsibility of the owners and licensees.
- Hong Kong has 11,000 restaurants and 5,000 liquor licensed premises and this would have an immediate effect on smokers who can now smoke with impunity in any bar, with little chance of being caught, to the detriment of the health of catering staff.
- Legislate for prohibition of smoking in vehicles for both health and safety reasons, especially the protection of children.

Stringent controls on marketing and promotion of tobacco

- Brand “stretching” or “extension” is a device to promote tobacco brands to young people on non-tobacco products. All brand extension, marketing and sales, must be banned.
- Cigarettes should not be on display at point of sale, especially in supermarkets. Thailand's legislation has banned open displays as a youth protection measure.
- Plain packaging of all tobacco products should be introduced to counter the influence of products' presentation designed to attract young people.
- Hong Kong needs a new set of packet health warnings, as the current ones have been in use since 2006 and many are insufficiently explicit as measures of risk communication. Future designs should be rigorously evaluated.

Treatment of tobacco addiction

- Hong Kong needs a major increase in treatment facilities for nicotine addiction to match the health risks to three quarters of a million smokers.
- The Hong Kong Government has recently brought the Mayo Clinic expert professional team on smoking cessation to town and intends to step up its cessation programmes. These must be made available and accessible to all sections of the community to ensure their cost-effectiveness.
- However all cessation programmes and the actions of individual smokers need to be supported by a wide range of measures to make tobacco inaccessible to youth.

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