

## **Statement on Dutiable Commodities (Exempted Quantities) (Amendment) Notice 2010**

### **Tobacco Causes Huge Social Losses**

Tobacco usage leads to huge losses in both the economy and human life every year. Every year, the mortality of smoking-related diseases is about 6,000; while that of second-hand smoke is about 1,300. On average, 20 Hong Kong people lose their lives everyday due to tobacco use. However, smoking is one of the few preventable causes of diseases.

Smoking not only leads to human life losses, but is also a substantial economic burden to Hong Kong. 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 HK\$5.3 billion every year. The loss includes health care costs and productivity losses due to premature death, but has not included losses of human lives.

Price measures, including raising tobacco tax and abolishing the duty-free concessions on tobacco products for incoming passengers, have been shown around the world to be the 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 HK 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.

### **Abolish Duty –free Concessions on Tobacco Products**

For public health reasons, we support the proposal to abolish the duty-free concessions on tobacco products for incoming passengers. Singapore has demonstrated a good example in showing an effective tobacco control policy by a total ban on duty-free tobacco products that Hong Kong can learn from.

The Bureau suggested small amounts of tobacco products for own consumption should be allowed for incoming passengers in view of the frequent travelling activities at the border. However, if this exemption is further released to one pack of cigarette, it is not only contrary to the legislative intent but will encourage smokers to consume the remaining cigarette and buy a new pack before entering Hong Kong.

Therefore, we strongly urge the Legislative Council to pass the proposal on cancellation of the duty-free concessions on tobacco products for incoming passengers, and allowing small amount for own consumption to be exempted, but not to enact a regressive measure by decreasing duty-free tobacco products from the existing three packs to one pack of cigarette.

## **Taxation**

In addition, we urge the Government to raise tobacco tax:

- Hong Kong's tobacco is cheap in relation to GDP per capita and by 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.
- Increase in tobacco duty is recognized by the World Bank and World Health Organization as an essential public health measure -- but to be effective, this must go hand in hand with other comprehensive tobacco control measures.
- Failure to raise tobacco tax is in breach of the FCTC treaty ratified by China, and which includes Hong Kong and Macau.
- 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 in order 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.
- Failure to raise tobacco tax is an admission of failure of law enforcement to deter illicit tobacco, leading 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 would protect Hong Kong's young people from nicotine addiction and ultimately a premature death.

Signatories to this letter:
