

Tobacco tax in action



Look at the effect of tobacco taxation !

-----Original Message-----

From: wc_choy@customs.gov.hk [mailto:wc_choy@customs.gov.hk]
 Sent: Wednesday, November 04, 2009 11:37 AM
 To: James Middleton Cc: carl_ck_lam@customs.gov.hk;
 catherine_py_lam@customs.gov.hk; janet_yt_lee@customs.gov.hk
 Subject: RE: duty paid figures for cigarettes

Dear Mr Middleton,

Please refer to the table below for the cigarette statistics you asked for.
 The figures for October 2009 is yet available.

	Quantity of Duty-Paid Cigarettes (Million Sticks)		
	2007	2008	2009
January	269.72	388.85	316.83
February	489.21	732.06	608.66
(Note: Budget increased cigarette tax duty by 50% in Feb 09)			
March	169.05	19.26	60.85
April	134.83	118.60	151.44
May	325.45	288.94	138.87
June	282.79	277.59	219.49
July	299.81	333.11	234.58
August	300.14	306.43	227.36
September	305.20	372.32	239.58
October	299.82	295.14	-
November	310.39	309.48	-
December	309.33	348.44	-
Total	3,495.74	3,790.22	2,197.66
Average per month	291.311,660	315,851,660	244,184,400 (9 months)

W C Choy
 for Commissioner of Customs and Excise

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Clear the Air and many other local medical professionals lobbied the Financial Secretary for years from 2001 till 2009 to increase tobacco taxation. This is the most effective proven method of reducing tobacco use and preventing youth from starting smoking. The WHO Tobacco Free Initiative and World Bank state that a 10% increase in tobacco tax reduces overall smoking by 4%. The Hong Kong Government ignored the WHO advice for ten long years until February 2009.

Instead of a blanket smoking ban imposed in January 2007, the Government allowed bars and other premises 'Qualified Establishment' status which meant smokers could still go out to entertainment venues and smoke there; this resulted in an INCREASE in duty paid cigarette sales after the ban rather than the required effect of reducing smoking. This data was the subject of a front page article in the SCMP newspaper just prior to the 2009 budget and an ATV Inside Story documentary displayed like information in the same week.

Government sources had earlier stated that there would be no tobacco tax increase in 2009 but Hong Kong indeed had a 50% tobacco tax increase in February 2009 and if the WHO and World Bank guideline data were correct we could expect a reduction in sales of 20% - what this data shows is a reduction in monthly sales of 22.7% in the first 9 months of 2009 compared to the monthly sales in 2008.

The Hong Kong Government is bound by the FCTC Treaty and must continue to increase tobacco taxation to First World Country levels at regular intervals since the current level of HK\$ 24 per pack is far behind equivalent overseas jurisdictions- for example in Ireland the duties are 8 Euros per pack.

This Hong Kong Government Customs Department data is explicit proof that tobacco taxation works.

<http://tobacco.cleartheair.org.hk/>

James Middleton

Chairman anti tobacco committee

And if you are wondering whether March 2008 data is a typo :

"Dear Mr Middleton,

There had been a speculation that the government will raise the duty on tobacco goods.

The traders would thus build up their stock in hand before the Budget Day to avoid paying heavier duty if indeed the government did raise the duty as expected.

The same phenomenon had been observed each year previously whenever there was a rumour that the tobacco duty might be raised.

W C Choy

for Commissioner of Customs and Excise"