
EXCISE DUTIES APPLIED TO MANUFACTURED TOBACCO AND THE POSSIBLE TAXATION OF NOVEL PRODUCTS: WHY IT MATTERS FOR HEALTH EQUITY?

EUROHEALTHNET RESPONSE TO THE EUROPEAN COMMISSION'S PUBLIC CONSULTATION

Supporting national member agencies, partners and the EU institutions to tackle tobacco use and smoking has been among EuroHealthNet's priorities since its establishment. EuroHealthNet supports comprehensive and effective regulatory measures that reduce the consumption of tobacco and novel products such as e-cigarettes and heated tobacco.

Prevalence: Despite considerable progress made in recent years, the number of smokers in the EU is still high – 26% of the overall population and 29% of young Europeans aged 15-24 smoke. Given that 56% of smokers start before the age of 18 and 93% before the age of 25, it is essential to prevent young people from taking up on tobacco use.¹

Tobacco and inequities: Tobacco consumption is the single largest avoidable health risk in the European Union (EU), and the single most significant cause of premature death in the EU, responsible for nearly 700,000 deaths every year.² Around 50% of smokers die prematurely (on average 14 years earlier)³ and smokers spend more life years in poor health. Many forms of chronic non-communicable diseases (NCDs) such as cancer, cardiovascular and respiratory diseases are linked to tobacco use.⁴ In addition to causing illness and death, it is also a driver of social and economic inequity between and within European countries. Inequities in tobacco use in Europe exist based on factors including economic status, education, gender, ethnicity and location. Moreover, wealth of research highlights the long-term tobacco consumption further vicious impact on the poverty and financial insecurity of individuals and families⁵, as well as puts a finger on stark socio-economic gap in the already mentioned decline in tobacco consumption in the recent years. While the rich have stopped smoking, the poor and disadvantaged did not.^{6,7}

In general, people from lower socioeconomic groups have higher rates of tobacco use and experience higher levels of death and disability from tobacco than wealthier groups. Experiencing multiple aspects of socioeconomic disadvantage amplifies inequities in tobacco-related harm.⁸ There are relatively few published studies of interventions to reduce tobacco consumption which focus on equity or the distribution of exposure, vulnerabilities, health outcomes or consequences within the population. Debates around effectiveness of policies and interventions that aim to systematically and universally reduce affordability of tobacco and related products have continued.

Added value of EU-wide approach: While the World Health Organization (WHO) provides technical assistance, guidance and action plans for governments on tobacco control and prevention (most notably through the WHO Framework Convention on Tobacco Control), the EU has legal competences with regards to ensuring a high level of public health in the EU internal market, including with regards to placement, presentation, content and pricing of tobacco and novel products. Considering levels of cross border trade in tobacco and related products (and novel products most recently) and diverging national legislation (e.g. on smoke-free public spaces), EU-wide rules protecting consumers' rights and health are increasingly necessary.

Tobacco taxation: A report "*Taking stock: tobacco control in the WHO European Region in 2017*" revealed that, to achieve the global target of a 30% relative reduction in tobacco use by 2025, many European states need to accelerate progress, as most remain a long way from full implementation or the adoption of a comprehensive approach.⁹ Tobacco

taxation is one of the most cost-effective public health interventions, substantially driving down tobacco consumption while generating public revenues. Evidence shows that increased taxes create a win–win situation for public health and economies, as revenues increase even as smoking rates fall. WHO estimates that, on average, tobacco tax revenues are 269 times higher than public expenditure on tobacco control interventions.¹⁰ Furthermore, a healthier population contributes more to the economy than a population ‘swamped’ by chronic diseases, dying prematurely and impacting on health and social systems (e.g. treatment costs, sickness and disability benefits).^{11,12}

Novel products: Going beyond conventional approaches to the taxation of tobacco products, EuroHealthNet is encouraged by initiatives adopted by countries to research and regulate e-cigarettes and packaging, which offer support for addressing population health more comprehensively¹³ – this including the review of the EU Tobacco Products Directive to better equip public health policy-makers with tools adapted to changing commercial determinants of health behaviours. Evidence is emerging, including from the USA and UK, that such newer products may carry other health risks including myocardial infarction.¹⁴ Research suggests negative health effects relating to e-cigarette exposure in humans *in vivo*¹⁵; it is likely that the harmful impact of ‘dual smoking’ (combining cigarettes with vaping), the differences between liquid and heated tobacco compounds and the risks related to passive vaping have been underestimated, with sufficient insight into long-term exposure of such products currently lacking.¹⁶ Concerns also persist regarding potential addictive harm as well as tobacco industry’s commercial practices targeting new generation of smokers.¹⁷

Increases in e-cigarette use are widely predicted as availability and publicity multiply, especially in new users; it is necessary to adequately address novel products through regulation and taxation alongside conventional tobacco products.¹⁸ Given the frequent presentation of such products as a ‘healthier’ or ‘safer’ alternative to traditional tobacco products, we strongly urge caution in their active promotion. Until more evidence for the efficacy of e-cigarettes is presented through rigorous, long-term and independent reviews, it is prudent to consider them as a potentially harmful and addictive product that ought to be regulated and taxed in an equivalent manner to conventional cigarettes.^{19,20} The precautionary principle should prevail.

EuroHealthNet does however recognise that reducing tobacco use among existing consumers and preventing take up by young people are important objectives towards a tobacco-free Europe. Tobacco cessation services which include qualified clinician-led, -monitored and -evaluated use of novel products do have a limited place in such strategies, as do improved health literacy and health education as part of wider health promotion approach. However, insufficiently regulated open markets in this respect are potentially harmful, not least in perpetuating sustainability of multinational corporations also selling harmful tobacco products in Europe and globally, benefiting from exploiting vulnerability and inequality of opportunities among certain population groups. This should end.

Further raising of tobacco taxes: In our consultation responses in 2017 and reiterated in 2018, our position is clearly outlined as below:

- Strong support for the further increase of tobacco taxes and the EU wide harmonization of fiscal policy with regard to e-cigarettes, to bring their treatment into line with that of conventional tobacco products
- Strong support for effective and comprehensive regulation at European level, including agreement on a common fiscal definition and the establishment of distinct category for e-cigarettes in EU excise legislation
- Adoption of an intelligent and contextual approach to regulation to mitigate the risk of e-cigarettes becoming a ‘gateway’ product to tobacco, particularly amongst those who are young and/or vulnerable
- A cautious endorsement for the use of e-cigarettes as one element of properly planned and supervised smoking cessation programmes.

Following dissemination of the EC Consultation, EuroHealthNet has received responses from our members and partners which offer their strong support for both the continued increase of excise duties and taxation on traditional tobacco products and the consistent excise treatment of e-cigarettes as an equivalent product to tobacco.

We hope more European countries will follow suit and use all tools available to implement far-reaching measures to protect health of their citizens. Further raising tobacco taxes to increase cigarette prices holds additional untapped potential to reduce cigarette consumption and smoking-associated deaths (SADs) in all 28 EU countries, according to a study published in 2017.²¹ The study showed that over 251,860 SADs would be prevented in Bulgaria and Romania, followed by Latvia and Poland with 210,061 SADs, while in the remaining 24 EU countries the number of averted SADs would be about 1.4 million in total.

Potential of e-cigarettes taxation: Trends and limited regulation suggest that e-cigarette use will continue to grow despite limited understanding of the product’s characteristics. Following the global trend, the use and sales of novel products in the EU have grown exponentially in recent years: 15% of citizens have at least tried e-cigarettes, mainly among current tobacco smokers²², but the fastest growth has been seen among the youth demographic (e.g. the ‘*Juuling*’ phenomenon). There is a real danger that novel products may (re-)normalize (or even re-glamourize) smoking and allow smoking bans in public places to be circumvented.²³

In this context, we urge a cautious approach encompassing moderate to high taxation of novel products and the continued increase of taxation levied on ‘traditional’ tobacco products, in conjunction with comprehensive and easily accessible tobacco cessation services. This approach is best placed to optimize switching from tobacco products whilst deterring (youth) initiation and dual use and raising public revenues, which could then be diverted to further support prevention and cessation programmes.

¹ European Commission (2017). Special Eurobarometer 458 “Attitudes of Europeans towards tobacco and electronic cigarettes”. Accessed 16 August 2018 from

<http://ec.europa.eu/commfrontoffice/publicopinion/index.cfm/Survey/getSurveyDetail/instruments/SPECIAL/surveyKy/2146>

² European Commission (2018). Tobacco statistics. Accessed on 28 August 2028 from https://ec.europa.eu/eurostat/statistics-explained/index.php/Tobacco_consumption_statistics

³ European Commission (2018). Public Health: Tobacco Policy. Accessed on 16 August 2018 from https://ec.europa.eu/health/tobacco/overview_en

⁴ WHO factsheet on NCDs (2009). NCDs kill 41million/year, with tobacco accounting for 7.2 million. CVD represents the biggest burden with 17.9million. <http://www.who.int/news-room/fact-sheets/detail/noncommunicable-diseases>

⁵ Jha, P. (2018). The health, poverty, and financial consequences of a cigarette price increase among 500 million male smokers in 13 middle income countries: compartmental model study. *BMJ*, 361. Accessed on 28 August 2018 from <https://www.bmj.com/content/361/bmj.k1162>

⁶ Kunst, A.E., et al. (2004). Socio-economic Inequalities in smoking in the European Union: Applying an equity lens to tobacco control policies. EU network on interventions to reduce socio-economic inequalities in health and Department of Public Health, Erasmus Medical Centre.

⁷ Hiscock, R. et al. (2012). Smoking and socioeconomic status in England: the rise of the never smoker and the disadvantaged smoker. *Journal of Public Health*, Vol.34(3), p.390–396. Accessed on 28 August 2018 from <https://academic.oup.com/jpubhealth/article/34/3/390/1560637>

⁸ WHO Europe (2014). Tobacco and inequities. Guidance for addressing inequities in tobacco-related harm. Accessed on 14 August 2018 from http://www.euro.who.int/_data/assets/pdf_file/0005/247640/tobacco-090514.pdf

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- ⁹ WHO Europe (2017). Taking stock. Tobacco control in the WHO European Region in 2017. Accessed on 14 August 2018 from http://www.euro.who.int/_data/assets/pdf_file/0008/349433/Taking-stock-report-ENG.pdf?ua=1
- ¹⁰ WHO (2015). Report on the global tobacco epidemic, 2015. Accessed on 16 August 2018 from http://www.who.int/tobacco/global_report/2015/report/en/
- ¹¹ Summers, L. H. (2018). Taxes for health: evidence clears the air. *The Lancet*, 391(10134), 1974-1976.
- ¹² WHO (2010). WHO technical manual on tobacco tax administration. Accessed on 16 August 2018 from http://apps.who.int/iris/bitstream/10665/44316/1/9789241563994_eng.pdf
- ¹³ <https://globaltobaccocontrol.org/e-cigarette/country-laws-regulating-e-cigarettes>
- ¹⁴ [https://www.ajpmonline.org/article/S0749-3797\(18\)31871-3/fulltext?utm](https://www.ajpmonline.org/article/S0749-3797(18)31871-3/fulltext?utm)
- ¹⁵ Scott, A., et al. *Thorax* <https://thorax.bmj.com/content/thoraxjnl/early/2018/07/07/thoraxjnl-2018-211663.full.pdf>
- ¹⁶ WHO (2015). A systematic review of health effects of electronic cigarettes. Accessed on 16 August 2018 from http://www.who.int/tobacco/industry/product_regulation/BackgroundPapersENDS3_4November-.pdf
- ¹⁷ Big tobacco's global research on social media. *The New York Times*, 24 August 2018. Accessed from <https://www.nytimes.com/2018/08/24/health/tobacco-social-media-smoking.html>
- ¹⁸ Mipatrini, D. and La Torre, G. (2016). Country-level correlates of e-cigarettes use in the European Union. *International Journal of Public Health*, 61:269. Accessed on 16 August 2018 from <https://link.springer.com/article/10.1007/s00038-016-0792-1>
- ¹⁹ Mainous III, A. G. et al. (2015). Health considerations in regulation and taxation of electronic cigarettes. *Journal of the American Board of Family Medicine*, vol.28, no. 8, 802-806. Accessed on 16 August 2018 from <http://jabfm.org/content/28/6/802.full>
- ²⁰ Currently, harmonized minimum excise duties for cigarettes in the EU internal market are set at least 60% of the Retail Selling Price, with WHO recommended total tax levels set at 75% of retail price.
- ²¹ Yeh, C-Y., et al. (2017). The effects of a rise in cigarette price on cigarette consumption, tobacco taxation revenues, and of smoking-related deaths in 28 EU countries - applying threshold regression modelling. *BMC Public Health*, 17:676. Accessed on 16 August 2018 from <https://bmcpublichealth.biomedcentral.com/articles/10.1186/s12889-017-4685-x>
- ²² Filippidis, F. et al. (2015). Two-year trends and predictors of e-cigarette use in 27 European Union member states. Accessed on 16 August 2018 from <https://tobaccocontrol.bmj.com/content/26/1/98>
- ²³ Eurostat (2017). Special Eurobarometer 458: Attitudes of Europeans towards tobacco and electronic cigarettes. Accessed on 16 August from <http://ec.europa.eu/commfrontoffice/publicopinion/index.cfm/ResultDoc/download/DocumentKy/79002>