

Tobacco Price Rises? Don't Put All The Blame On The Chancellor

Tuesday 13 August, 2013

Research published today reveals that the tobacco industry is responsible for around half of cigarette price rises while publicly blaming the Chancellor and falsely claiming that the price rises increase tobacco smuggling.

In an online article for the journal Tobacco Control, economist Howard Reed and Professor Anna Gilmore of the University of Bath and the UK Centre for Tobacco Control Studies reveal that tobacco industry claims that high prices for cigarettes are due to tax increases are exposed as false. From 2006 to 2009, almost half the total increase in price across all cigarette price bands was due to the tobacco companies raising their own prices, and for all but the very cheapest brands the tobacco company share of the increase was about 55%.

The tobacco industry also claims that high prices increase smuggling. But this claim is also false: over the past decade the illicit market share of cigarettes has halved while the tobacco companies have continued to raise the price of their products.

Commenting, Action on Smoking and Health research manager Amanda Sandford said:

"The tobacco industry has spent years complaining that tobacco tax rises will lead to an increase in illicit trade. But this analysis makes it clear that the companies have been hiking their own prices as fast as they can. Clearly, they are not as worried about the effect of price rises on illicit trade as they want the public to think. And of course, the truth about illicit cigarettes in the UK is that the numbers have more than halved since their peak in 2000. Now the industry is pretending that standardised packs would also increase illicit trade. Nothing they say on this subject can be believed."

- Ends -

Notes and Links:

[1] The truth about cigarette price increases in Britain. Tobacco Control online: doi 10.1136/tobaccocontrol-2013-051048

HMRC statistics show that smuggled cigarettes accounted for an estimated 9% share of the total market in 2010-11, down from 21% in 2000-01.

For more information please contact:

Amanda Sandford
T: 020 7404 0242
E: amanda.sandford@ash.org.uk
Martin Dockrell
T: 020 7404 0242 / 07889 725 984

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