

Key Recommendations

- Cigarette taxes should increase by at least \$10.00 per carton (\$5.00 federal, \$5.00 provincial) in Ontario, Quebec, New Brunswick, Nova Scotia and Prince Edward Island.
- If provinces are unwilling to make a joint increase with the federal government, the federal government should set aside the “gentleman’s agreement” and move quickly to act alone to raise tobacco taxes.
- The loopholes allowing lower taxes for tobacco sticks and roll-your-own tobacco should be eliminated.
- The federal government should adopt a comprehensive tobacco control program which includes measures equal in scope and impact to those recommended by the World Health Organization and the U.S. Centers for Disease Control. A minimum of \$120 million per year should be invested in reducing tobacco use.
- The Health Promotion Surtax on tobacco manufacturer profits, scheduled to expire in February 2000, should be increased and made permanent.
- The export tax should be increased to \$12 per carton, with an equivalent amount for tobacco sticks and roll-your-own tobacco. The exemption for shipments to foreign duty-free stores and shipments that have foreign taxes paid should be removed. The exemption for prior years’ production should be reduced from 2.5% to 1.5%.
- Canada should entirely eliminate duty-free sales of tobacco, which provide access to low-priced tobacco and reduce government revenue.
- Clearly visible, province-specific tax markings should be printed on cigarette packs.

“In reality, the most effective way to deter children from taking up smoking is to increase taxes on tobacco.”

World Bank, Curbing the Tobacco Epidemic: Governments and the Economics of Tobacco Control, 1999, p. 5.