

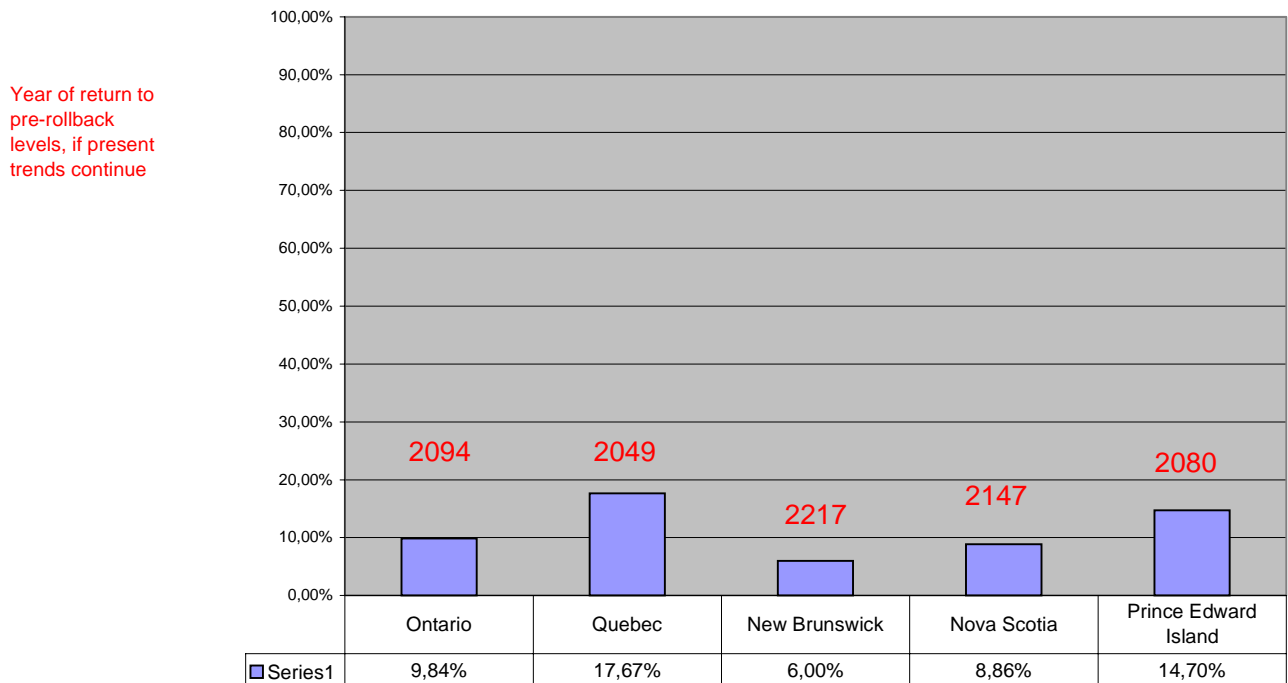
**Non-Smokers' Rights Association
Physicians for a Smoke-Free Canada
Québec Coalition for Tobacco Control**

Fifteen-cent per pack tax increase on cigarettes woefully inadequate, health groups say

Nov. 5, 1999 — Today's announcement of a paltry 15¢/pack (\$1.20 per carton) increase in tobacco taxes in Canada's five low-tax provinces is woefully inadequate, say a group of Canadian health groups. They warn that Canadians should not be fooled: a minor tax increase of this size will not have a significant public health benefit.

"We have 45,000 Canadians dying from tobacco products every year," points out Garfield Mahood of the Non-Smokers' Rights Association. "Yet since the 1994 rollback, tobacco taxes in Canada have barely kept pace with inflation. If present trends continue, it will take Quebec until 2049 to get back to the real tax levels of 1993. It will take Ontario until 2094 to recoup the lost ground. And in New Brunswick, it will take until the year 2217."

Ground made up since 1994/1995 tobacco tax rollback, in real terms



In the meantime, cigarette prices in the rest of the Western world continue to rise rapidly. “In the last year alone, litigation settlements in the United States have forced up prices south of the border by about \$11 Canadian per carton,” says Francis Thompson of the Non-Smokers’ Rights Association. “Even with the latest tax increase, Ontario and Quebec still have the cheapest cigarettes in North America, behind tobacco-belt states in the U.S. like Kentucky and West Virginia.”

The federal government, along with its counterparts in the five low-tax provinces, continues to claim that a more significant increase in cigarette prices would lead to a resurgence in smuggling. “There’s a roughly \$20-per-carton price gap between Ontario and British Columbia,” points out Cynthia Callard of Physicians for a Smoke-Free Canada. “In U.S. states that border Central Canada, cigarette prices are about \$18 higher than on the Canadian side. If higher taxes automatically cause smuggling, we should be seeing truckloads of cigarettes going south, but there are no signs of that happening.”

In 1994, when he announced the tax rollback, Prime Minister Jean Chrétien promised to force tobacco companies to “clearly mark their cigarettes to distinguish those for domestic use from those for export use.” Yet five years later, Canada still has no effective system of tax-paid markings on cigarette packages. This inaction persists despite mounting evidence of the tobacco industry’s contribution to the smuggling problem. In December 1998, Northern Brands International, a subsidiary of R.J. Reynolds set up specifically to sell Canadian Export “A” cigarettes in the United States, was convicted in New York State of tax evasion for its role in supplying contraband to smugglers. At no time did a significant market exist for these cigarettes among U.S. smokers.

“We know that youth smoking is increasing rapidly in Quebec and Ontario,” says Louis Gauvin of the Québec Coalition for Tobacco Control. “On the other hand, cigarette consumption continues to drop in Western Canada and Newfoundland. Cigarettes taxes are a public health measure, one of the most effective tools to combat our number one public health problem.”

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More complete figures on the latest tax increase are available as an Excel file on the Internet, at:

www.nhra-adnf.ca/english

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