

27 May 2002

**Proposed European Union Directive on tobacco advertising and sponsorship –
inclusion of cigarette papers**

The attached document invites comments on the proposal to include the advertising of cigarette papers within the scope of any Directive. Please send your comments to the address below by 5 July 2002

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Please note that all responses to this consultation may be made public unless you request that your response is kept confidential

Proposal for a Directive of the European Parliament and of the Council on the approximation of the laws, regulations and administrative provisions of the Member States relating to the advertising of tobacco and related sponsorship.

1. On 30 May 2001 the European Commission presented its revised proposal for a Directive on tobacco advertising and sponsorship. In August 2001 the Government issued a consultation document in respect of this proposal¹.

2. The proposal initially concerned tobacco products, defined as “all products intended to be smoked, sniffed, sucked or chewed”. However during discussions on the proposal, other Member States have suggested that any restrictions on the advertising and sponsorship of tobacco products should also include cigarette papers. **This document invites comments solely on this point.** Subject to any comments received, the United Kingdom Government is minded to support the inclusion of cigarette papers within the scope of any Directive. Since this is a reconsultation on an amendment to a previous proposal the time available for consultation is limited and we are therefore seeking replies within one month. We have sent copies of this document to all those who replied to the earlier consultation in case this change affects the views they expressed earlier.

3. Cigarette papers are marketed solely for the purpose of wrapping hand-rolling tobacco. Consumption of hand-rolling tobacco is increasing, much of it smuggled and there is evidence in particular of low-income consumers switching from packeted cigarettes to hand-rolling tobacco². Cigarette papers are marketed among other things through billboard advertising, websites clearly aimed at young adults (eg www.rizla.co.uk) and a range of clothing. Manufacturers claim that such advertising is only intended to promote brand awareness and to increase market share and that any ban is likely to lead to a distortion of the market in favour of cheaper papers. However it appears to the Government that the advertising of cigarette papers has in practice the effect of promoting tobacco products themselves and is likely to have an effect on total consumption of these products.

4. The Government believes that Article 95 of the Treaty is a sufficient legal base on which to harmonise arrangements for advertising of cigarette papers. There is a likelihood of different provisions in different Member States. Legislation recently enacted in the Republic of Ireland would ban the advertising of tobacco products including “any cigarette, paper, tube or filter manufactured for use in smoking of tobacco”.

5. Cigarette papers are not covered by the Tobacco Advertising and Promotion Bill which is at present before the United Kingdom Parliament.

¹ *Proposal for a directive of the European Parliament and of the Council on the approximation of the laws, regulations and administrative provisions of the Member states relating to the advertising of tobacco and related sponsorship.* Copies available from Paul Webbewood, Department of Health, Wellington House, Waterloo Rd, London, SE1 8UG. (020-7972-4571). This is also available on the Department of Health’s website at www.doh.gov.uk/pdfs/drafttobaccodirective.pdf

² British Medical Journal 28 July 2001 BMJ 2001;323:203-7

IMPLICATIONS OF THE PROPOSALS

End advertising for cigarette papers in the press

6. Under the proposals, advertising in the press and other printed publications will be limited to publications intended for professionals in the tobacco trade and industry and to publications containing advertising for tobacco products which are published in third countries, where these publications are not principally intended for the Community market and are not principally intended to advertise tobacco products.

7. Publications which are not exempted and which at present publish advertisements for cigarette papers would need to find additional advertising to make up for lost revenue.

End advertising for cigarette papers on the internet

8. Under the proposal, advertising that is not permitted in the press would not be allowed in information society services. Information society services are defined as services within the meaning of Article 1(2) of Directive 98/34/EC as amended by Directive 98/48EC. This defines an information society service as any service normally provided for remuneration, at a distance, by electronic means and at the individual request of a recipient of services.

9. Any UK website which advertises cigarette papers or which sells advertising space for such advertisements would, like print media, need to replace such advertising.

End advertising for cigarette papers on the radio

10. Under the proposed Directive, all forms of radio advertising for cigarette papers would be prohibited, as would the sponsorship of radio programmes by undertakings whose principal activity is the manufacture or sale of tobacco products.

11. Under the Broadcasting Act 1990, advertising on radio is controlled by the Radio Authority Advertising and Sponsorship Code. Under this Code advertisements for “cigarettes, cigarette tobacco and papers” are not allowed. Therefore there will be no change to the current position.

End sponsorship

12. Under the proposal, sponsorship with the aim of promoting cigarette papers (including free distributions) would be banned apart from events or activities taking place in a single Member State with no transboundary effects. Sponsorship is defined as “any form of contribution to an activity, or to any persons involved therein”.

BENEFITS

13. The Government believes that the bulk of the available evidence suggests that a ban on tobacco advertising in the UK would reduce tobacco consumption by a small but significant amount and that the inclusion of cigarette papers within the scope of the Directive will contribute towards this. Evidence suggests that the broader the scope of an advertising ban, the more effective it will be.³

14. A fall in consumption as a result of a comprehensive advertising ban could be in the region of 2.5%. Smoking is estimated to kill 120,000 people in the UK each year. A 2.5% reduction in the number killed would mean that around 3000 lives a year could be saved in the longer term. Those who cut their tobacco consumption are likely to enjoy better general health and less disability. Fires, and the consequent damage to people and property, are also likely to fall with reduced levels of smoking.

15. Smoking related diseases are estimated to cost the NHS in the UK between £1.5 bn and £1.8 bn each year. In proportion to the effects on lives saved, between about £20 million and £40 million per year might be saved from the NHS budget in England alone.

COMPLIANCE COSTS FOR CONSUMERS AND BUSINESS

The market

16. The Department of Health is grateful to the Rizla Group Ltd for the following information provided in March 2002:

- * In 2001, UK retail sales of cigarette papers were estimated to be around £99 million (including VAT) or £84.2 million (without VAT);
- * Rizla (which is owned by Imperial Tobacco) currently holds 75% of the United Kingdom rolling paper market;
- * Swedish Match (Swan papers) holds 17% of the market;
- * Cheap imported papers hold the balance of the market, with a market share of 7% having grown from nothing in the last four years;
- * The total UK rolling paper market has grown by 11% in the last four years, reflecting an increase in the use of hand rolling tobacco;
- * Consumption of hand-rolling tobacco increased from 6,800 tonnes in 1997 to 9,500 tonnes in 2000, falling back to 9,000 tonnes in 2001;

³ Henry Saffer, Frank Chaloupka, *The effect of tobacco advertising bans on tobacco consumption* Journal of Health Economics 19 2000 1117-1137

17. The UK Government has estimated that a comprehensive ban on advertising tobacco products might cause a 2.5% reduction in overall tobacco consumption. If consumption of hand rolling tobacco fell pro rata then this could be expected to have a similar effect on the sales of cigarette papers. In practice the ratio of sales of hand-rolling tobacco to cigarettes will depend on a number of factors, including the success of the Government's policy to combat smuggling. It could reasonably be surmised though that the omission of cigarette papers from any advertising ban would lead, other factors being equal, to an increase in the smoking of hand-rolling tobacco as compared to cigarettes. As stated above the Government believes that it is likely a ban on the advertising of cigarette papers will lead to a fall in overall consumption, although the actual amount is not possible to quantify.

Advertising industry

18. An estimate of media spend on rolling papers in the UK between 1997 and 2001 is £2.66 million in total.⁴ This compares with a total of over £14 billion spent on all advertising in 2000 alone⁵. Any ban on this advertising is likely therefore to have a very small effect on the UK advertising industry and on those media where the advertising is placed.

Retailers

19. Any decrease in demand for cigarette papers and hand rolling tobacco will have an effect on the business of those retailers who sell these products. However an overall fall in demand will enable consumers to spend their money on other products.

Paper manufacturers

20. The only manufacturer with a base in the United Kingdom is Rizla. Rizla's total work-force worldwide is over 620 people, of whom 150 are employed at Treforest in South Wales. All Rizla products on sale in the UK are produced at Treforest. Any additional decline in demand for papers as a result of a ban on their advertising could have an employment impact there.

Exchequer

21. The precise effects of a ban on advertising cigarette papers are difficult to estimate. The Government believes it likely that their advertising contributes to overall levels of tobacco consumption and so a fall in demand for hand-rolling tobacco is likely to lead to a decline in tax revenue. Customers might however switch spending to other products and services which attract tax and any reduction in tobacco consumption will lead to a fall in the cost of treating tobacco-related diseases.

⁴ Source: Rizla Group

⁵ Source: The Newspaper Society

Recommendation

22. The UK Government believes it likely that advertising for cigarette papers encourages people to smoke hand-rolling tobacco who would otherwise not use tobacco products at all. The inclusion of cigarette papers within the scope of any Directive restricting the advertising of tobacco products could therefore bring about health benefits. The Government therefore supports the inclusion of cigarette papers within the scope of the proposed EU Directive on tobacco advertising and sponsorship.