

# ***Coalition québécoise pour le contrôle du tabac***

819 rue Roy Est, Montréal (Québec) H2L 1E4; téléphone : (514) 598-5533; télécopieur : (514) 598-5283

## **PRESS RELEASE**

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### **HEALTH GROUPS CALL FOR A TOBACCO REDUCTION FUND : Another reason to raise taxes on tobacco products**

*Montreal, January 12, 1999* - "The federal government must take advantage of current economic conditions to raise taxes on tobacco and finance a tobacco reduction fund, replacing the one that died on the order paper last December" stated **Louis Gauvin, spokesperson for the Coalition québécoise pour le contrôle du tabac** at a Montreal press conference also attended by the **Conseil québécois sur le tabac et la santé**, the **Non-Smokers' Rights Association** and the **Canadian Cancer Society**.

Health groups are calling for an alternative to Bill S-13, which was withdrawn from the order paper in the House of Commons on December 2, 1998 for technical reasons, though Health Minister Rock expressed support for the principle behind the bill. Bill S-13 (*the Tobacco Industry Responsibility Act*) would have created a \$120-million annual fund for tobacco-reduction campaigns. Financial resources for developing effective programs to fight smoking remain painfully insufficient, particularly when compared with tobacco industry marketing efforts.

Health groups involved in the fight against tobacco say that taxes on cigarettes should be raised to move towards the levels that preceded the tax cuts in 1994—which would mean an increase of at least 10 dollars per carton of 200 cigarettes.

"Tobacco companies used the contraband market to force the government to lower taxes in 1994," explains **François Damphousse, Director of the Quebec office of the Non-Smokers' Rights Association**. "However, the socio-economic situation has since changed. On the heels of the US \$206 billion agreement reached between American states and tobacco companies, the price of a package of cigarettes in the United States has risen dramatically, by far surpassing Canadian prices. This translates into a golden opportunity for the federal and provincial governments to increase taxes on tobacco products, thereby making them far less accessible to young people.»

The current price for a carton of cigarettes in Ontario and Quebec is \$15 lower than that in bordering states.

"Governments can now substantially increase taxes without having to worry about a black market backlash," added **Damphousse**. "Not only are U.S. prices higher than those in Canada, but the tobacco industry's involvement in criminal smuggling operations has finally been proven. A subsidiary of the U.S. firm R.J. Reynolds, parent company to Canadian manufacturer RJR-Macdonald, been convicted of having participated in smuggling activities. This will heighten awareness on various police forces, making subsequent offences on the part of the tobacco industry much less likely. Finally, the introduction of a new federal export tax and the

restructuring of tobacco taxes in Quebec also help fight smuggling. Overall, the situation is completely different than that which brought on the smuggling crisis in the early nineties. »

In the opinion of **Pierre Fortin, economist and professor at l'Université du Québec à Montréal**, the tax increase will bring additional revenue to the government and greatly reduce youth smoking. He recently stated to the Coalition that any increase in the price of cigarettes would automatically reduce smoking, especially among young people, who are particularly sensitive to price variations. In the United States, economists state in the February 1998 *Economic Report of the President* that a 10% increase in cigarette prices translates into a 7% decrease in the number of teenage smokers (this conclusion is based on a complete review of literature published by the U.S. President's *Council of Economic Advisers*). Fortin estimates that in Canada, this would mean **raising the price of a carton of cigarettes from 31 to 41 dollars would bring about an 18% reduction in teenage smoking.**

The Canadian Tobacco Manufacturers' Council's own data shows that when tobacco taxes went up between 1982 and 1992, Canadian tobacco consumption dropped by 42% per capita.

In response to Parliament's invalidation of Bill S-13, the **Canadian Cancer Society** sent a clear message to the federal government. **Spokesperson Louise Labrie** says "we are determined to go on lobbying for a tobacco reduction fund. We will not give up this fight because of mere technicalities. If, as he has stated, Mr. Rock agrees with the principle of Bill S-13, then he should come forward with a viable alternative. We want an independent foundation with stable and adequate funding from a levy on the tobacco industry that will use innovative and efficient initiatives in order to reach concrete tobacco reduction objectives".

The **Conseil québécois sur le tabac et la santé** announced the preliminary results of a petition urging the federal Health Minister to introduce a bill similar to S-13. (For a copy, the public can call 514-948-5317.) According to **Conseil President Dr. Marcel Boulanger**, "Dozens of editorials, 500 organizations, an overwhelming majority of the public support such legislation. We have decided to broaden this movement by launching a petition calling for a tobacco reduction fund. In the last week, we have already collected more than 500 signatures. We invite young people, adults and parents to show their concern regarding the increase of tobacco use and sign our petition urging the federal government to take action".

Because an informal agreement requires that any tax increase on tobacco products be discussed and agreed upon by the federal and provincial governments, the Coalition is asking the Government of Quebec to support this initiative and to work together with the federal government. In fact, spokesperson Louise Gauvin has requested a meeting with Minister Bernard Landry to discuss the matter.

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For more information, please contact:

- Louis Gauvin: (514) 598-5533; pager: 361-7046
- François Damphousse: (514) 843-3250

- Louise Labrie : (514) 518-2400 # 3484
- Dr. Marcel Boulanger: (514) 948-5317 / cell : 237-6484