

## Written evidence submitted by Barkers of Harrogate (TVB02)

Dear Members of the Tobacco and Vapes Bill Committee,

1. I am writing to you in my capacity as Director of Barkers of Harrogate, a family-owned establishment established in 1997, specialising in the import and distribution of handmade cigars and pipe tobacco across the UK. Situated in Harrogate, we have a dedicated team of 9 full-time employees, and our turnover for the tax year 23/24 exceeded £ [REDACTED] [AMOUNT REDACTED BEFORE PUBLICATION DUE TO ITS FINANCIAL SENSITIVITY]. Our client base includes over four hundred businesses, the majority of which are also family-owned enterprises.
2. The proposed Tobacco and Vapes Bill raises serious concerns for the future of our business and the network of retailers we serve. We feel that the products we represent and the retail sector we support have not been adequately considered in the drafting of this legislation or in the accompanying Impact Assessment (IA) released in March 2024. Our concerns stem from several key points:
  - The Impact Assessment failed to encompass other tobacco products.
  - The economic significance of Tobacconists has been overlooked.
  - Proposed legislation jeopardises the future of our business and job security for our employees.
3. The IA, upon which this legislation is founded, solely focuses on data related to cigarette consumption, sales, revenues, margins, usage patterns, risk reduction, costs, benefits to the health system, impact on small businesses, tourism, and investment in business. Remarkably, cigars or pipe tobacco are not factored into this analysis; the word 'cigar' appears only once across 164 pages. Equally glaring is the absence of any mention of 'importer' or 'distributor', roles held by numerous entities in the UK, representing over 90% of all 'other tobacco products' (including cigars) imported and sold. Many of these businesses are small or medium-sized enterprises and have been disregarded in the IA.
4. Cigars possess distinct characteristics from cigarettes and hand-rolling tobacco in terms of consumer demographics (typically aged 30+), pricing (considerably higher), availability (limited), and consumption habits (less than 2% of the population consuming less than one cigar per month). Unlike cigarettes, there are no viable alternatives to cigars such as vapes. Cigar aficionados indulge for pleasure, harbour no intentions to 'quit', and cannot be classified as nicotine addicted akin to cigarette smokers.
5. The majority of our handmade cigars and pipe tobaccos are retailed through Specialist Tobacconists, numbering around 100 in the UK. Approximately 70% of a Specialist Tobacconist's revenue originates from handmade cigar sales. Based on our trade sales, combined with those of 'other tobacco product' importers in 2023, we estimate that our UK retail partners generated close to £ [REDACTED] [AMOUNT REDACTED BEFORE PUBLICATION DUE TO ITS FINANCIAL SENSITIVITY] in sales from handmade cigars alone.

6. This revenue cannot be supplanted by alternative products (unlike cigarette sales in a newsagent). The enactment of this legislation spells the demise of our business and that of the retailers we supply. We believe this critical aspect has been overlooked in the IA, along with the broader economic impact this cherished, longstanding sector has on the UK Economy.
7. We have outlined on the following pages a succinct summary of the IA, emphasising its exclusive focus on the cigarette and hand-rolling tobacco sectors. Consequently, it neglects to acknowledge the significant contribution the inclusion of cigars and other tobacco products could make towards fulfilling the legislation's objectives or its broader ramifications.
8. We urge that this oversight be brought to attention at the earliest opportunity and that this matter be formally addressed for further assessment and review during the Committee Stage before the draft legislation progresses any further.
9. We implore that our concerns are treated with due gravity and addressed promptly; the implementation of the proposed legislation jeopardises not only our business but also numerous other family-run enterprises.

Yours sincerely

Becky Moss-Allison  
 Director of Barkers of Harrogate

	Section	Extracts from IA	Observations
Data Used	Whole report		All studies quoted and data provided is based on cigarette smokers. ONS 2022 Adult Smoking Study has been used as source for the UK based date. No data has been collected by ONS on cigar or OTP consumption since 2016 due to 'statistical

			insignificance' of these products.
Modelling of policy impacts on smoking rates/behaviours			<p>The model used to assess the legislation relies exclusively on surveys of youth and adult cigarette smoking from which the smoking of cigars and other tobacco products is excluded in the survey questions:</p> <ul style="list-style-type: none"> <li>-UCL 's Smoking Toolkit Study</li> <li>-ONS Adult smoking habits in the UK</li> </ul> <p>No support for the inclusion of cigars as supporting the Bill's objective of stopping youth initiation and nicotine addiction, a problem which is particular to cigarette and hand rolling tobacco consumption.</p>
Retail Impact			<p>All data has been based on cigarette sales via retail outlets such as newsagents and supermarkets who offer a variety of products from which to generate other revenue. Retail impact likely to be significantly higher if loss of cigar sales is taken into account.</p> <p>There are around 100 specialist tobacconists in the UK. They are supplied by specialist importers and distributors. Cigar sales account for the majority their revenue. These businesses will close as a result of this legislation.</p>
Loss of profit for Retailers	Sections 231 to 236	'We have used the average price of cigarettes and applied this to consumption values to estimate the loss in profit for retailers'	Loss of profit resulting from decline in sales of cigars and other tobacco products has not been assessed.
Increase in profits from less expenditure on tobacco	Section 241/242	'It is likely that losses estimated will at least in part be offset by increased profits on goods and services purchased in place of tobacco.'	There are no alternative products to cigars that can be substituted in the case of Specialist Tobacconists.

		Specifically for retailers, these goods will also likely carry a higher profit margin than tobacco'.	Cigar margins are around 40%, not the stated 6% for cigarettes. Impact on cigars not assessed or quantified.
Impact on Wholesalers	Section 252 - 255.	"The methodology for estimating lost profits for wholesalers is the same as for retailers above, with the only change being the overall profit per pack lost". "Therefore, based on an estimated 4 billion fewer factory-made packs of cigarettes sold between 2027 and 2056, Table 23 shows the estimated total costs in lost profits to wholesalers in England and the UK (borne by all wholesalers of tobacco, and over 30 years)".	Cigarette data used. Impact on cigars and other tobacco products not assessed or quantified.
Impact on Manufacturers and Shareholders:	Section 256-260		Profit estimates for manufacturers are based on information obtained through the Standardised packaging of tobacco (SPoT) impact assessment consultation. For manufacturers this was £0.22 per pack of factory-made cigarettes. In 2027 prices this is £0.29. Cigars and other tobacco products are not considered as subject to SPoT. Significant data has been shared on this in previous consultations.
Impact on Tourism	Section 299	"The smokefree generation policy may make the UK a less attractive place to come for tourists, immigrants, and international students that are smokers. As we do not have evidence on the impact this policy would have on tourism and immigration, we have not been able to quantify this impact. However, for the	UK reputation for centre of excellence for handmade cigars. Attracts collectors, tourists, connoisseurs who visit UK for this purpose. Their spend on hotels, restaurants, shopping is very significant. Impact on tourism is significant.

		reasons explained above, we expect this impact to be minimal"	
International investment	Section 303	"As we do not have evidence on the impact this policy would have on international investment, we have not been able to quantify this impact".	Cigars attract investment through hotels and restaurants who sell the product and invest significantly in their cigar offering or their clients.
Small and Micro Business Assessment (SaMBA)	Section 318, 319	<p>‘Although we are aware of a limited number of small and micro tobacco product manufacturers that are based in the UK, who mainly appear to produce a diverse range of specialist tobacco products, we have not been able to identify sufficient data on these businesses to estimate the loss in profit for these specific businesses as a result of the smokefree generation policy’.</p> <p>‘With reference to the RPC's SaMBA checklist, the very limited data we have been able to identify does not enable us to: i) identify the number of businesses in scope of the regulation; ii) the market share of these businesses; iii) what the impact would be in these businesses - not least because we do not have data on what proportion of their sales are overseas to determine what proportion of their sales are unaffected by this policy’</p>	<p>Significant representations were made clearly setting out the impact on these businesses and have been made in previous consultations. The Consultation response stated that the views of anyone connected to the tobacco industry had been disregarded.</p> <p>Manufacturers and Importers are obliged to submit this data to DHsC every year, so it is readily available. Track and Trace requirements also means this information is readily available.</p>

24th April 2024

