

Written evidence submitted by Tatiana Camacho - Secretary-General of the Imported Tobacco Products Advisory Council (ITPAC) – Committee Stage - Tobacco and Vapes Bill (TVB08)

Executive Summary: The Imported Tobacco Products Advisory Council (ITPAC) is an association which represents 18 tobacco importers and distributors, with most of its core members comprising small family-owned SMEs and Micro-businesses. A major proportion of turnover for these companies' business is generated from the importation and sale of traditional other tobacco products (OTPs) which comprise cigars, cigarillos, pipe tobacco and snuff.

It was thus with considerable surprise and dismay that our members were to learn that OTP's are included in government's proposal to ban the sale of tobacco products to anyone born on or after January 1, 2009. Given the government's stated rationale for the policy – to prevent young people from starting to smoke in order to protect them from the harms of smoking as they grow older – as well as the evidence presented in support of the measure, it is readily apparent that the inclusion of OTPs will make no measurable contribution to furthering the government's policy objectives.

In this context we would like to make the following points:

- The total absence of data in relation to OTPs on the Impact Assessment should be urgently addressed before proceeding with any new legislation with such a wide impact.
- The very limited scale of these businesses' operations, and the specialist nature of the products they distribute, meant that their share of the total tobacco market in the UK in 2022 continues to result in a statistically insignificant percentage.
- OTP usage is extremely limited, and they are certainly not used as an 'alternative' to cigarettes for reasons of cost and availability in the market.
- OTPs represent a minute share of the total tobacco market, and in 2022 accounted for only a 1.2 % market share (Source: HMRC Clearance Data). In addition to this, the traditional Cigars and Cigarillos category shows a decline of 27.2% over the past 5 years, and Pipe Tobacco a 31.3% decline over the same period.
- OTPs represent a tiny segment in comparison to cigarettes and hand-rolling tobacco which is so insignificant that it is already well below the government's 2030 smokefree target of 5% or less smoking incidence.
- OTP's do not appeal to children and young people and they are not used for smoking initiation. For example, only 2% of the UK adult male population and virtually no females smoke cigars.
- In addition to these, numerous small high street shops, wine merchants and hospitality outlets rely on OTPs for a big portion of their revenues (around 80%).
- The potential impact on trade, tourism, and employment is significant and warrants careful consideration.
- Regulation of tobacco in Britain has always been underpinned by the assumption that informed adult consumers have the right to smoke: my body, my choice. The generational ban will overturn this fundamental freedom for the first time in British history. This requires a more substantial debate about the relationship between the state and the individual than the government has allowed in its short public consultation. The ban infantilises one cohort of adults, discriminates on the basis of age and raises issues of intergenerational unfairness. Even people who have no intention of ever buying tobacco may feel discriminated against if someone a few years older than them has a right that has been withheld from them.

1.- Considering the devastating effect the inclusion of OTPs would have on UK small and medium size businesses, including specialist tobacconists which make up a significant proportion of the OTP sector, the inclusion of OTPs must be urgently reconsidered. It is our view, that policy development for tobacco products should continue to recognize the differences that exist between these categories of products, as has more recently been the case.

2.- This Bill is of existential concern to the future of our members businesses and the retailer network they supply. We do not believe that the products they represent or the retail sector they serve have been adequately taken into consideration in the drafting of the legislation or in the Impact Assessment (IA) published in March 2024.

3.- The IA upon which this legislation is being advanced relies exclusively upon data pertaining to cigarette consumption, sales, revenues, margins, use patterns, risk reduction, costs, benefits to the health system, impact on small businesses, tourism, and investment in business, and takes no account of Other Tobacco products (OTPs). In its 164 pages, the word 'cigar' is mentioned only once and there is no mention of cigarillos, pipe tobacco or snuff.

4.- Also absent from the IA is any mention of the word 'importer' or 'distributor' of which there are a number in the UK who represent over 90% of all 'other tobacco products which are imported and sold. These businesses are often small or medium enterprises and have not been considered as part of the IA.

5.- OTPs are significantly different from cigarettes and hand rolling tobacco in terms of age profile (take up at 30+ years), price (very high), availability (limited), and consumption habits. The consumers who smoke OTPs consume for pleasure, have no desire to 'quit', and cannot be described as nicotine addicted as is the case with cigarette smokers.

6.- Most of the OTPs are sold through Specialist Tobacconists of which there are around 100 in the UK. Around 80% of the revenue generated by a Specialist Tobacconist comes from the sale of OTPs.

7.- It is imperative to highlight that there are no alternative products to OTPs. This is different to cigarettes where vapes are offered as an alternative. No such alternative exists for OTPs because when people consume them, it is for occasional pleasure, not because they are addicted.

8.- This revenue generated by OTPs cannot be replaced with any other products (unlike cigarette sales in a newsagent). Our members' businesses and those of the retailers they supply will cease to exist as a result of this legislation. We do not believe this has been taken into consideration in the IA or that the wider economic impact this valuable, respected, long-standing sector has on the UK Economy has been considered.

Conclusion: We would request that this oversight be highlighted during the Committee stage and that this matter be formally tabled for further assessment and review before this draft legislation proceeds further. Furthermore, we urge you to reevaluate the current approach and ensure that the voices of affected industries and businesses are not only heard but genuinely considered in the decision-making process. Striking a balance between public health goals and the economic well-being of the nation is crucial, and we believe a more collaborative approach will lead to more effective and sustainable outcomes.

24-04-2024

		Extracts from Impact Assessment	Observations
Data Used	Whole report	All studies quoted/data based on cigarette smokers. ONS 2022 Adult Smoking Study has been used as a source for UK based data.	No data has been collected by ONS on 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"> -UCL 's Smoking Toolkit Study -ONS Adult smoking habits in the UK -NHS Digital's Smoking, Drinking and Drug use among young people in England 	No support for the inclusion of OTPs 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.
Retail Impact		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.	<p>Retail impact likely to be significantly higher if loss of OTPs sales are taken into account. There are around 100 specialist tobacconists in the UK.</p> <p>They are mainly supplied by specialist importers and distributors. These businesses will close because 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 OTPs has not been assessed.

		Extracts from Impact Assessment	Observations
Increase in profits from less expenditure on tobacco	Section 241/242	<p>"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. Specifically for retailers, these goods will also likely carry a higher profit margin than tobacco".</p>	<p>There are no alternative products to OTPs that can be substituted in the case of Specialist Tobacconists.</p> <p>OTPs margins are between 25% to 40%, not the stated 6% for cigarettes.</p> <p>Impact on OTPs not assessed or quantified.</p>

Impact on Wholesalers	Section 252 - 255.	<p>"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".</p> <p>"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)".</p>	<p>Cigarette data used.</p> <p>Impact on OTPs not assessed or quantified.</p>
Impact on Manufacturers and Shareholders:	Section 256-260	<p>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.</p>	<p>OTPs not considered as not subject to SPOT.</p> <p>Significant data has been shared on this in previous consultations.</p>
Impact on Tourism	Section 299	<p>"The smokefree generation policy may make the UK a less attractive place to come for tourists, immigrants, and international students that are smokers.</p> <p>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 reasons explained above, we expect this impact to be minimal"</p>	<p>UK reputation for centre of excellence for OTPs and particularly cigars.</p> <p>Attracts collectors, tourists, connoisseurs who visit UK for this purpose. Their spend on hotels, restaurants, shopping is very significant.</p> <p>Impact on tourism is significant.</p>

		Extracts from Impact Assessment	Observations
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".	OTPs and particularly cigars, attract investment through hotels and restaurants who sell the product and invest significantly in their offering or their clients.
Small and Micro Business Assessment (SaMBA)	Section 318, 319	"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>Significant representations were made clearly setting out the impact on these businesses and have been made in previous consultations.</p> <p>The Consultation response stated that the views of anyone connected to the tobacco industry had been disregarded- using Article 5.3 of the WHO Framework Convention.</p>

<p>Small and Micro Business Assessment (SaMBA) (contd)</p>	<p>Section 318, 319 (contd)</p>	<p>319. "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>Manufacturers and Importers are obliged to submit this data to DHSC every year so it is readily available.</p> <p>Track and Trace requirements also means this information is readily available.</p>
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