

## Written evidence submitted by Barkers of Harrogate (TVB21)

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 [AMOUNT REDACTED DUE TO ITS FINANCIAL SENSITIVITY]. Our client base includes over four hundred businesses, the majority of which are also family-owned enterprises.

### 2. Executive Summary of Key Points:

- **Concerns with the Tobacco and Vapes Bill**
  - Legislation threatens the future of Barkers and its network of retailers.
  - The updated Impact Assessment (IA) neglects the economic and cultural significance of handmade cigars and pipe tobacco.
- **Flaws in the Impact Assessment**
  - Cigars and pipe tobacco are scarcely mentioned, with 'cigar' appearing only twice in 172 pages.
  - No consideration of roles like importers and distributors, who handle 90% of 'other tobacco products'.
- **Regulatory Policy Committee (RPC) Findings**
  - Legislation disproportionately impacts small and micro-businesses, such as Specialist Tobacconists.
  - Lack of evidence on behavioural impacts raises concerns about unintended consequences like black-market growth.
- **Distinctive Characteristics of Cigars**
  - Cigar consumers: typically aged 30+, represent a highly limited demographic (1% daily consumption, Eurobarometer).
  - Unlike cigarettes, cigars are consumed for pleasure, are significantly more expensive, and lack alternatives like vapes.
- **Artisanal Nature of Handmade Cigars**
  - Handmade cigars involve years of cultivation and skilled craftsmanship, unlike mass-produced cigarettes.
  - Cigars are enjoyed occasionally, highlighting their cultural and artisanal value.
- **Socio-Economic Impact of Handmade Cigars**
  - Handmade cigars support rural communities, particularly in countries like Nicaragua and the Dominican Republic.
  - Many workers, predominantly women, depend on this industry for their livelihoods.
- **Economic Contributions of the OTP Sector**
  - In 2023, the sector directly contributed:
    - £233 million turnover.
    - 518 full-time jobs.
    - £92.7 million in taxes.
  - Indirect contributions significantly amplify these figures.
- **Risks of the Proposed Legislation**
  - Threatens the viability of small businesses reliant on OTPs, leading to job losses and closures.
  - Risks fostering black-market activity, undermining public health goals.

- **Call for Reassessment**
    - Proposed measures should consider the unique characteristics of cigars and pipe tobacco.
    - Public health goals must not jeopardise legitimate businesses or vulnerable rural communities.
  - **Offer to Provide Oral Evidence**
    - Offer to provide insights to the Committee on the overlooked impacts of the legislation on the OTP sector.
  - **Urgent Appeal**
    - Calls for further assessment and review of the legislation during Committee Stage.
    - Highlights the risk to family-run enterprises and the broader cultural and economic contributions of the sector.
3. 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 updated Impact Assessment (IA) released in December 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.
  4. The latest IA, upon which this legislation is founded, continues to focus almost exclusively on data related to cigarette consumption, sales, revenues, margins, usage patterns, risk reduction, costs, benefits to the health system, and impacts on small businesses, tourism, and business investment. Cigars or pipe tobacco are still scarcely mentioned; the word 'cigar' appears only twice across 172 pages, and there is still no mention of 'importer' or 'distributor'. These roles, held by numerous entities in the UK representing over 90% of 'other tobacco products' (including cigars), are vital to this sector yet remain entirely disregarded.
  5. The Regulatory Policy Committee's recent opinion on the Impact Assessment for the Tobacco and Vapes Bill raises key concerns that critically affect our sector. While the RPC acknowledged improvements in assessing small and micro business impacts, they highlighted the disproportionate burden the proposed legislation would place on small businesses, particularly Specialist Tobacconists and importers of Other Tobacco Products, including cigars, pipe tobacco, and snuff. The IA's narrow scope fails to consider the unique economic and cultural contributions of OTPs and their retailers, who rely almost exclusively on these products for revenue. Without tailored mitigation measures, small businesses face unsustainable operating challenges, job losses, and potential closure. Furthermore, the RPC flagged insufficient evidence on the behavioural impacts of these policies, including the risk of growth in black markets, which further undermines legitimate businesses. This lack of comprehensive assessment disproportionately jeopardises small enterprises, many of which are family-run, while also risking the broader economic contributions of the OTP sector.
  6. Cigars possess distinct characteristics from cigarettes and hand-rolling tobacco in terms of consumer demographics, pricing, availability, and consumption habits. According to the latest Eurobarometer survey, only 1% of Europeans consume cigars or cigarillos daily, underscoring the limited and discerning consumer base for these products. Typically enjoyed by individuals aged 30 and above, cigars are significantly more expensive than cigarettes and

are not as widely available. Unlike cigarettes, cigars have no viable alternatives, such as vapes, and are consumed occasionally for pleasure rather than out of nicotine dependency. Cigar aficionados indulge for pleasure, harbour no intentions to 'quit', and cannot be classified as nicotine addicted akin to cigarette smokers.

7. It is crucial to highlight the significant differences between handmade cigars and cigarettes, both in terms of their production and the habits of their consumers. Handmade cigars are meticulously crafted through a labour-intensive process involving skilled artisans who roll each cigar by hand using natural, high-quality tobacco leaves. This traditional method, often passed down through generations, results in a premium product that is vastly different from mass-produced cigarettes. Cigar smokers generally indulge in the experience occasionally, savouring the unique flavours and aromas, rather than consuming them habitually as a means of satisfying nicotine addiction. Unlike cigarette smokers, who often smoke multiple times a day, cigar enthusiasts tend to smoke less frequently, with many enjoying fewer than one cigar per month. This distinction underscores the cultural and artisanal value of handmade cigars, which are not driven by dependency but by appreciation, making them fundamentally different from cigarettes in both production and use.
8. The proposed legislation would not only impact businesses and consumers in the UK but also devastate the family-owned farms and communities involved in the production of handmade cigars. Cigar craftsmanship is deeply rooted in tradition, often passed down through generations in rural areas of countries like Nicaragua, Honduras, and the Dominican Republic. These family-owned farms are the backbone of the handmade cigar industry, providing livelihoods for thousands of workers, most of whom are women. These skilled artisans and agricultural workers depend on this sector to sustain themselves and their families, often in regions with limited economic opportunities. The positive socio-economic ripple effects of this industry extend far beyond the farms, supporting rural communities and preserving cultural heritage. Enacting legislation that jeopardises the market for handmade cigars risks dismantling this vital sector, disproportionately harming vulnerable populations who rely on it for survival.



9.

Included above is an image contrasting a generic, mass-produced cigarette with a handmade cigar crafted on a family-owned farm in Estelí, Nicaragua. The production of a cigarette takes mere moments, with a recommended retail price of just 66p–86p. In stark contrast, a single handmade cigar requires years of cultivation, curing, and skilled craftsmanship, with a recommended retail price starting at £20. This example represents one of the more affordable cigars available in the UK, as prices for handmade cigars typically range from £15 per stick to well into the hundreds.

10. Evidence from countries with some of the strictest tobacco control legislation, such as Australia, demonstrates that such measures do not necessarily lead to a reduction in consumption. In fact, despite plain packaging laws and high taxation, black-market activity has surged, and overall tobacco consumption has remained relatively unchanged. This highlights the unintended consequences of poorly balanced legislation, which fails to address consumer behaviour and market realities, ultimately undermining its intended public health objectives.
11. Key findings from the analysis of the Economic Impact of the OTP Sector (November 2024) provided by ITPAC (Imported Tobacco Products Advisory Council) include:
  - **Overall Contribution:**
    - In 2023, the 13 largest OTP (Other Tobacco Products) importers, distributors, and manufacturers, along with 16 specialist tobacconists, directly contributed:
      - £233 million in turnover.
      - 518 full-time equivalent (FTE) jobs.
      - £17.4 million in employee compensation.
      - £92.7 million in taxes, including income tax, VAT, and excise.
  - **Aggregate Direct and Indirect Economic Contribution:**
    - The sector's total economic contribution, including indirect impacts on suppliers, logistics, and service providers, is significantly larger:
      - **£490 million** in total turnover.
      - **1,165 full-time equivalent (FTE) jobs.**
      - **£40.2 million** in total employee compensation.
      - **£184 million** in total taxes.
  - **Importers, Distributors, and Manufacturers:**
    - The 13 largest importers, distributors, and manufacturers contributed directly:
      - £169 million in turnover.
      - 287 FTE jobs.
      - £11 million in employee compensation.
      - £84 million in taxes.
  - **Specialist Tobacconists:**
    - The 16 largest tobacconists contributed directly:
      - £64 million in turnover.
      - 231 FTE jobs.
      - £6.4 million in employee compensation.
      - £8.7 million in taxes.
    - Over 80% of the sales revenue of specialist tobacconists comes from OTPs such as cigars, snuff, and pipe tobacco.
  - **Sector Composition:**

- The UK has approximately 100 Specialist Tobacconists, nearly all of which are small or micro-businesses that rely heavily on OTP sales.
  - **Methodology:**
    - The analysis is conservative and excludes wider economic effects such as induced spending, meaning the actual contribution is likely higher.
    - Data is derived from reliable sources, including direct business input and official multipliers from the Office of National Statistics.
12. The enactment of this legislation risks eliminating this economic contribution entirely. Specialist Tobacconists and importers, which are overwhelmingly small or micro-businesses, cannot offset losses from OTP sales with alternative products, as is often the case for general retailers.
13. 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.
14. We are also deeply concerned about the government's new target of achieving 0% smoking, which, in effect, could render legal tobacco products illegal. While we support public health initiatives aimed at reducing smoking rates, this drastic target disregards the unique consumer demographics and cultural significance of certain tobacco products, such as handmade cigars and pipe tobacco. The proposed measures, if fully enacted, could drive legitimate businesses into a perilous position where compliance with the law becomes unfeasible, leading to potential closures and a loss of valuable employment. Such policies could also unintentionally foster black-market growth, further undermining public health goals and the integrity of the regulated tobacco industry. We urge the committee to reconsider these ambitious targets in light of the far-reaching consequences they may have on both the tobacco sector and its employees.
15. I would be happy to provide oral evidence to the Committee to offer a more comprehensive perspective on the significant impact of the proposed legislation on handmade cigars and pipe tobacco, as well as on Specialist Tobacconists and importers like ourselves. My direct experience in the sector can contribute invaluable insights that are not currently reflected in the IA.
16. 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.
17. 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

*19 December 2024*

