08 March 2018

Singapore Ministry of Health
16 College Road
College of Medicine Building
Singapore 169854

Attention: Director, Epidemiology and Disease Control Division

Dear Sir/Madam,

Related to the Standardized Packaging (SP) proposal for tobacco products in Singapore, may I respectfully submit my observations and some data about the subject.

I am an economist from Manila, I head an independent and free market think tank called Minimal Government Thinkers (MGT), the main advocacies are free trade and free market, limited government and low taxes, rule of law and private property protection, individual freedom and personal responsibility.

As a matter of disclosure, I am a non-smoker, never smoke a single stick of cigarette in my 50+ life, never worked full time or part time, no consulting work with any tobacco company, never get any funding from the tobacco industry. In 2011, I published my first book, Health Choices and Responsibilities, mainly about pharma IPR and the drug price control policy in the Philippines.

My purpose in writing this is to discuss SP's policy issues and implications on the following:

(1) Seeming disconnection between cigarette smoking and health outcome like life expectancy,
(2) Seeming alarmism in Singapore when other rich countries have much higher smoking incidence,
(3) Disrespect of intellectual property rights (IPR) like trademark and branding,
(4) Trade of illicit and smuggled products,
(5) Possible spillover effect in other products deemed "unhealthy" like alcohol, sugar beverage, confectionery, and
(6) Possible spillover effect in health and trade policies of the Philippines and other ASEAN countries.

Let me expound the above points.

(1) There is a general premise or acceptance that more cigarette consumption means less healthy, shorter lives as smokers and people near them contract many types of diseases. The numbers on smoking from Our World in Data, a project of the University of Oxford, and numbers from the World Bank on life expectancy, do not seem to support that statement.

Numbers below give the impression that people in countries with high cigarette consumption per person also tend to live longer. Brunei, Taiwan, S. Korea, Japan, China, Philippines and Singapore have cigarette use of at least 18 sticks per day per smoker in 2012. And these are the countries with life expectancy of at least 76 years in 2015 – except the Philippines with only 68 years.

Corollarily, people in countries with low cigarette use, below 12.5 sticks per smoker per day, also have low life expectancy of only 69 years or lower.

Table 1. Cigarette consumption per smoker per day and life expectancy

Country/	Cig. Con./smoker/day		Life expectancy, years		
Economy	2000	2012	1980	2000	2015
Brunei	45.7	48.6	70.3	75.3	79.0
Taiwan	28.6	32.4			80.2
S. Korea	24.1	25.0	65.8	75.8	82.2
Japan	24.3	23.8	76.1	81.1	83.8
China	19.7	22.3	66.5	71.7	76.0
Philippines	17.4	21.4	62.2	66.7	68.4
Singapore	**22.1**	**18.1**	**72.2**	**78.0**	**82.6**
Malaysia	15.8	15.2	68.1	72.9	74.9
Vietnam	11.2	13.9	67.4	73.1	75.8
Thailand	12.5	12.5	64.4	70.6	74.6
Laos	15.8	12.4	49.0	58.9	66.5
Indonesia	11.0	11.0	59.6	66.2	69.1
Cambodia	10.1	10.4	27.7	58.4	68.7
Myanmar	22.4	10.0	54.9	62.1	66.0
World ave.	**18.0**	**17.7**			

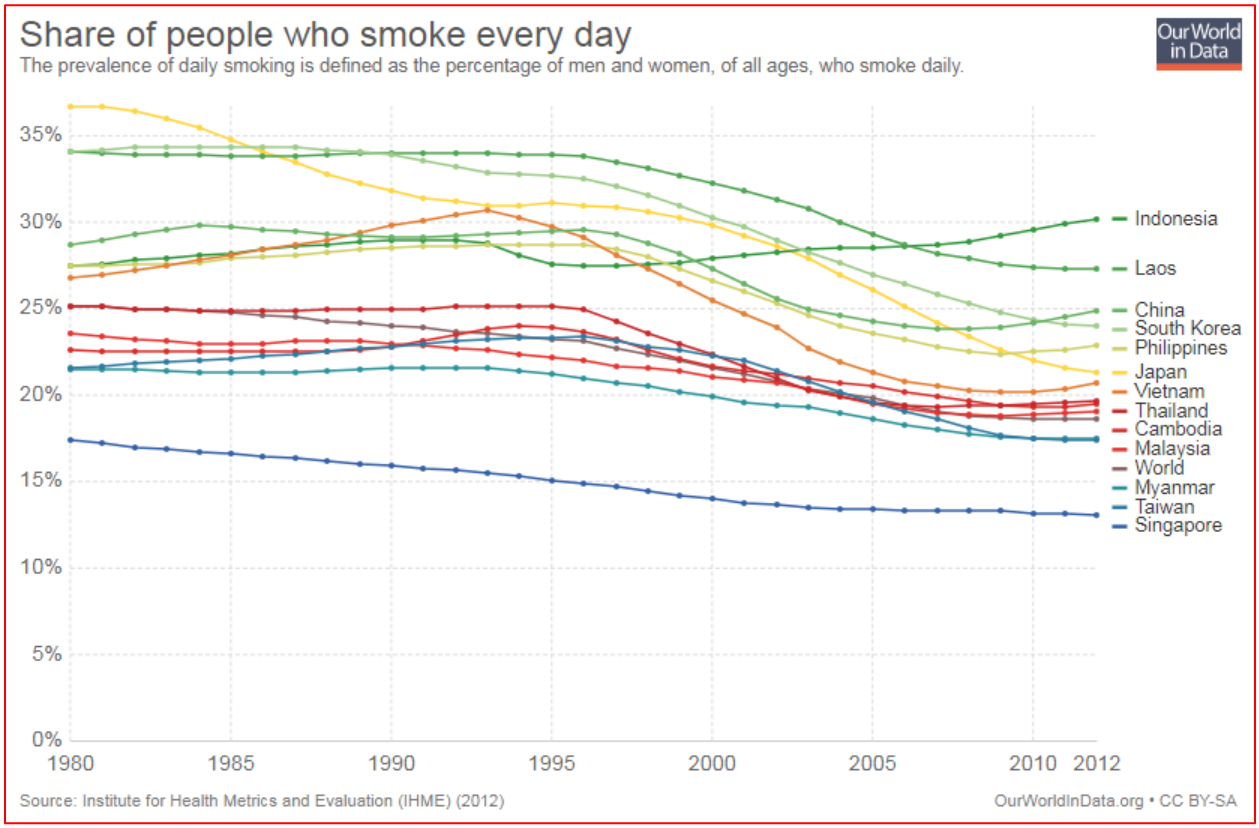
Sources: (a) Cigarette consumption per smoker per day, https://ourworldindata.org/smoking. No data for Hong Kong.
(b) Life expectancy, WB, World Development Indicators 2017, database. No data for Taiwan.
(c) Life expectancy in Taiwan in 2015, Index Mundi.

There are many possible explanations for this. Two of which would be the following:

One, people in rich countries can afford to buy more tobacco (and alcohol, others deemed "unhealthy" products) despite the rise in prices due to rising tobacco taxes.

Two, people in poorer countries consume "less tobacco" only for the legal and branded products but in reality, they consume "more tobacco" from illegal, illicit and fake/counterfeit products and suppliers. And such consumption is not captured by official, government data.

(2) Among East Asian countries, Singapore has the lowest share of people who smoke every day, only 13.1% in 2012. Its fellow rich countries with similar life expectancy have much higher share of people who smoke daily, 21.3% in Japan and 24.0% in S. Korea in 2012.



Source: https://ourworldindata.org/smoking

There seems to be high smoking and health alarmism by some sectors in Singapore that there is willingness to take the radical, anti-private property measure like SP or plain packaging.

(3) Respect for private property, physical and non-physical or intellectual property, is a very important ingredient and determinant to make a country become rich and prosperous.

Numbers below indicate that countries with high per capita GDP in both current or nominal prices and in purchasing power parity (PPP) values are also those with high scores and global ranking in intellectual property rights (IPR) protection. And countries with poor or low per capita income also have low scores and ranking in IPR protection.

Data are from the International Monetary Fund (IMF), World Economic Forum (WEF), and the Property Rights Alliance (PRA). WEF's global competitiveness index is composed of 12 pillars, pillar #1 is about Institutions and among the sub-pillars is intellectual property rights (IPR) protection.

Table 2. Per capita GDP and IPR protection

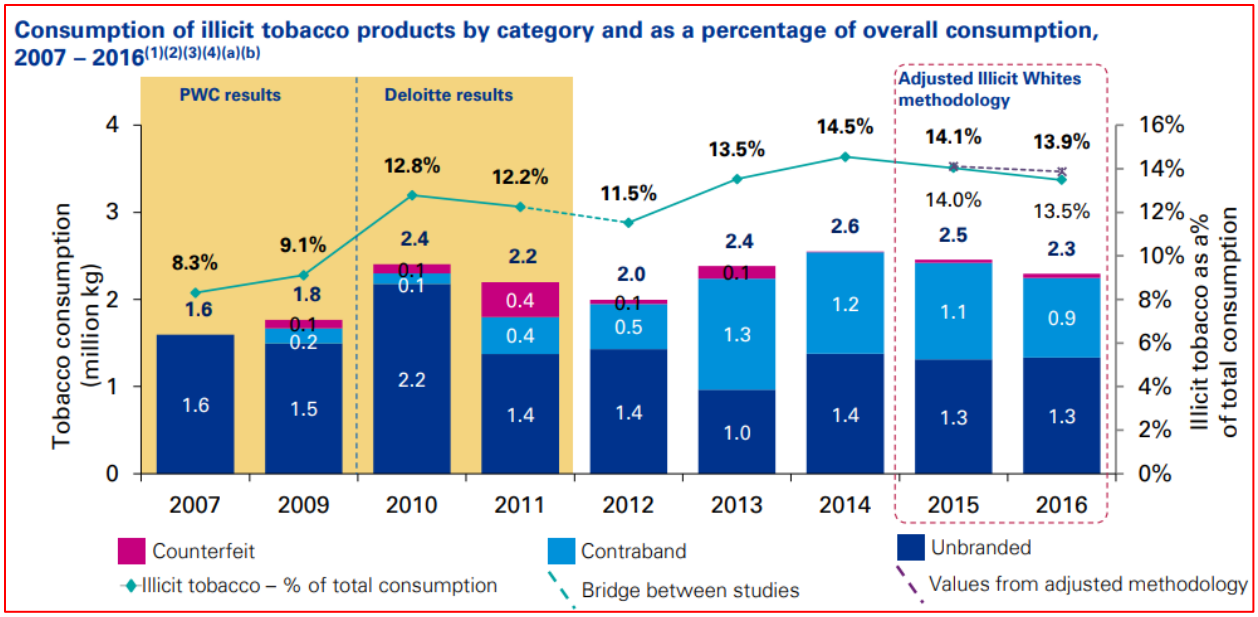
Country/ Economy	Current prices $		Country/ Economy	PPP values $		IPRI-IPR score	WEF GCR-IPR	
	1996	2016		1996	2016		Score	Rank/137
Singapore	**26,263**	**52,961**	**Singapore**	**34,429**	**87,832**	**8.1**	**6.2**	**4th**
Hong Kong	24,699	43,561	Brunei	66,418	77,422	4.4	4.4	55th
Japan	38,453	38,883	Hong Kong	23,843	58,377	7.8	5.9	9th
S. Korea	13,137	27,535	Taiwan	16,664	48,119	6.9	5.2	27th
Brunei	19,282	26,935	Japan	24,765	41,220	8.6	5.8	18th
Taiwan	13,597	22,497	S. Korea	13,108	37,730	6.9	4.4	54th
Malaysia	5,103	9,374	Malaysia	11,564	27,292	6.4	5.3	26th
China	709	8,123	Thailand	7,286	16,885	4.4	3.5	106th
Thailand	3,047	5,902	China	2,062	15,395	5.6	4.5	49th
Indonesia	1,394	3,604	Indonesia	4,735	11,717	4.2	4.5	46th
Philippines	1,277	2,927	Philippines	3,022	7,739	5.4	4.1	71st
Laos	776	2,394	Laos	1,690	6,871	--	3.8	85th
Vietnam	338	2,172	Vietnam	1,598	6,423	4.5	3.6	99th
Cambodia	316	1,278	Myanmar	n/a	5,804	--	--	--
Myanmar	n/a	1,232	Cambodia	828	3,741	--	3.1	130th

Sources: (a) GDP per capita: IMF, World Economic Outlook, October 2017 database.
(b) PRA, International Property Rights Index (IPRI) 2017 Report.
(c) WEF, Global Competitiveness Report (GCR) 2017-2018 Report; global rank is out of 137 countries included in the study.

With greater wealth, people tend to live longer and healthier, which is the main concern of the MOH.

(4) SP will likely reduce smoking of legal, branded tobacco products but will likely increase smoking of illegal, non-branded, cheap tobacco products. Since brand and product differentiation is effectively abolished, producers and manufacturers, old and new players, will only fight in pricing. So more cheap tobacco will be introduced and this will encourage more smoking.

Australia is the first country in the world to legislate and implement SP or plain packaging (PP), starting December 2012. KPMG data show that by 2013, the estimated share of illicit and smuggled tobacco rose from 11.5% of total tobacco consumption in 2012 to 13.5% in 2013, the first year of PP law. Since then it has stayed at around 14.2% average from 2014-2016.



Source: KPMG, March 2017. Illicit Tobacco in Australia, 2016 Full Year Report.

(5) SP in tobacco will be a precedent, it will likely have spillover effect in other products deemed "unhealthy" like alcohol, sugary drinks, candies and confectionery, ice cream and savoury snacks, and so on.

A report in early December 2017 from the consultancy firm Brand Finance showed that an extension of PP or SP policies to these products could cost companies as much as $187 billion. For beverages alone, potential losses according to Brand Finance would be up to $293 billion. (Source: http://www.cityam.com/277059/plain-packaging-could-cost-major-fmcg-firms-187bn)

(6) SP policy by Singapore as ASEAN precedent can possibly have spillover effect in health and trade policies of the Philippines and other ASEAN countries.

Removing the trademark or logo via the proposed SP measure is less of an assault on tobacco companies with long years of corporate existence but more of an assault on Singapore's image as strong protector of property rights and IPR. Many successful global brands have used Singapore as their regional headquarters precisely because of this image. An SP policy will threaten this image, it is a big and unnecessary risk.

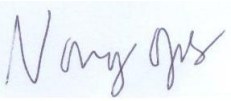
Corporations producing those deemed "unhealthy" products may look at Singapore as potentially abolishing the heart of their corporate identity, their trademark and logo in the future because there is already a precedent. This will affect the investment attractiveness and hence, reduce the job creation capability of the economy. We do not want that to happen in many developing member states of the ASEAN.

To further reduce smoking incidence as an over-riding concern of the MOH, just continue public education about the dangers of smoking. But very often, almost all smokers already know the dangers of smoking, the same way that bungee/cliff/plane jumpers, high rock climbers, motorcycle stunt drivers, extreme bicycle downhill riders, deep sea scuba divers, etc. know the dangers of their sports and passion but they keep doing it nonetheless.

Singapore should not entertain the idea of having SP policy and legislation. Singapore should remain as the bastion of private property rights protection in the region, a model that many developing and emerging economies in Asia and the rest of the world would like to emulate.

Hoping that you will consider these points. Thank you very much.

Sincerely,



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