amcor

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

Attention: Director, Epidemiology and Disease Control Division

BY EMAIL
tobacco_control@moh.gov.sg

13 March 2018

Subject: Public Consultation to Introduce Standardised Packaging of Tobacco Products in Singapore ("Consultation")

Dear Sirs,

I write to you in my capacity as the President of Amcor Specialty Cartons, part of the Amcor Group (www.Amcor.com). Our company is the global leader in responsible packaging solutions supplying products to the food, beverage, pharmaceutical, medical, personal care and tobacco industries. I wish to raise my concern over the current discussions / proposals to introduce standardized / plain packaging of tobacco products in Singapore.

With over 150 years of history and experience supplying thousands of customers across 43 jurisdictions, we represent an independent packaging manufacturer and standalone, Australian publicly traded company voicing our own high standards on responsible packaging. Amongst 21 dedicated tobacco packaging plants globally, Amcor provides tobacco packaging products to a number of customers for the Singapore market. Amcor's regional head office for Asia is also based in Singapore.

Amcor fully supports the objectives of the Government of Singapore to improve public health by reducing the harmful effects of smoking.

However, we strongly believe that any proposed standardized / plain packaging will have dangerous consequences that defeat the purpose of the proposed legislation. In this regard, please find attached our response to the questions set out in Part 7 of the Consultation.

Amcor urges the Government of Singapore to ensure that the Consultation makes a well-balanced decision on whether to progress the measure further in Singapore. Plain packaging regulation

Amcor Group GmbH
Thurgauerstrasse 34, 8050 Zurich Switzerland
T: +41 44 316 17 17 F: +41 44 316 17 18 www.amcor.com

represents a significant intervention into several major industries (not only tobacco, but also the packaging and retail industries), and may result in serious, negative consequences. I understand that this an emotionally charged debate where unfortunately the supplier industries often get overlooked, but it is nevertheless important for policy-makers to focus on facts and credible research.

As a global leader, and in line with our strong commitment to responsible packaging, Amcor is in a unique position to provide qualified and fact-based feedback to the Government of Singapore on the practical implications of standardized / plain packaging. Amcor is willing and ready to work with the Government of Singapore to understand the impact of various options available for implementing tobacco packaging regulations.

Yours sincerely,

Jerzy Czubak
President, Amcor Specialty Cartons
Email: jerzy.czubak@amcor.com

Amcor Group GmbH
Thurgauerstrasse 34, 8050 Zurich Switzerland
T: +41 44 316 17 17 F: +41 44 316 17 18 www.amcor.com

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QUESTIONS FOR CONSULTATION

As set out in Part 3.1, the SP Proposal is intended to operate alongside other existing and possible future tobacco control measures (such as increased taxation and public education) to contribute towards meeting the Government's obligations under the FCTC, promote public health through the reduction of the prevalence of smoking in Singapore, and thereby constitute a significant step towards Singapore becoming a tobacco-free society. Specifically, the SP

Proposal aims to:

(a) Reduce the attractiveness of tobacco products;

(b) Eliminate the effects of tobacco packaging as a form of advertising and promotion;

(c) Reduce the ability of the packaging of tobacco products to mislead about the harmful effects of smoking (including on the relative harmful effects between products);

(d) Increase the noticeability and effectiveness of health warnings; and

(e) Better inform smokers and non-smokers of the risks associated with tobacco use.

Given these objectives, we would like to hear your views with regard to the SP Proposal under consideration, as outlined in Part 3.3.3. In particular, we seek your views on the following:

1. Do you agree that the SP Proposal would contribute to reducing smoking prevalence and improving public health over and above existing tobacco control measures? Please cite any relevant studies (specifically, the particular page or part of these studies) or information that support or contradict this.

Amcor response:

As the leading global packaging supplier to the tobacco segment, we review regulatory developments across the world in concordance with their long-term effects. We believe this provides a more realistic picture of ingrained or habitual consumer actions that shape a market, rather than 'one-off' or contextual dynamics.

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Despite the Consultation Document claims that standardized packaging has been successful in achieving public health objectives in Australia and that it should be replicated in Singapore, the factual evidence emerging from Australia tells a different story.

The most recent government data on smoking prevalence in Australia, which was dismissed in the Consultation Document, clearly demonstrates that standardized packaging and larger health warnings did nothing to accelerate the existing long-term declining trend in smoking prevalence. This data even shows that the long-term decline has halted after the introduction of these measure: "*While smoking rates have been on a long-term downward trend, for the first time in over two decades, the daily smoking rate did not significantly decline over the most recent 3-year period (2013 to 2016)*".[1]

Moreover, the long-term declining trend in smoking prevalence (that, as noted above, halted after the introduction of standardized packaging and larger health warnings in Australia) could have been impacted by the continual excise tax increases, including one of the largest tobacco price hikes in Australian history when excise taxes rose by 25% in April 2010. Given the price elasticity observed and documented in several countries, such as Russia, decreased smoking rates in Australia are driven by such ongoing excise tax increases, rather than the implementation of standardized packaging. This is documented in, 'over 100 published studies that clearly demonstrate that changes in cigarette prices, resulting from changes in taxes lead to changes in cigarette smoking'[2], according to the law of the downward sloping demand curve[3].

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[1] See the National Drug Strategy Household Survey (NDSHS) at: https://www.aihw.gov.au/reports/illicit-use-of-drugs/ndshs-2016-key-findings/contents/summary. This data has been recently highlighted in media, which also reveals that: "Consumption of cigarettes has risen for the first time in more than a decade, adding to concerns about the effectiveness of measures to reduce smoking." See more at: https://www.theaustralian.com.au/news/health-science/16bn-up-in-smoke-as-tobacco-use-rises-for-first-time-in-decade/news-story/e73b828e467d48ae091b11702144f84d.

[2] Chaloupka et al., British Medical Journal, Tobacco control, Tax, price and cigarette smoking, 2002; 11 (Suppl I): i62-i72

[3] i.e. That as price increases, demand will decrease, and vice versa

Even the French Health Minister noted that the increase in taxes is a better means to reduce smoking prevalence than standardized packaging[4], which, indeed, has not impacted official tobacco sales in France.[5]

Referring to Sweden, in an independent review that considers whether the Swedish Government should introduce standardized packaging, Swedish survey consultancy WSP Group state that,

> *'in terms of the overall aim to reduce smoking, there is no significant support that [standardized packaging] has affected the downward trend in Australia. [...] Neither the [...] share of smokers who use tobacco daily, nor the number of cigarettes smoked, show [...] any significant change in the overall objective of reducing smoking'6.*

It is not surprising that Swedish Government has decided to not go ahead with the introduction of standardized packaging, that would also infringe the Swedish Constitution[7].

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[4] The French Health Minister Agnès Buzyn's position on tax increases versus standardized packaging was highlighted during a parliamentary debate on the Social Security Finance Bill November 2017 (in French) *"Mme Agnès Buzyn, ministre. Lorsque j'avais rédigé le plan cancer 2014-2019, j'avais difficilement obtenu qu'il y ait un chapitre dédié à la lutte contre le tabagisme. Après des arbitrages au plus haut niveau, j'avais obtenu ce qui s'est appelé par la suite un programme national de réduction du tabagisme, soutenu par Marisol Touraine et dans lequel il avait été clairement choisi d'instaurer le paquet neutre plutôt que d'augmenter le prix du tabac. Or, celui-ci, nous le savons, ne permet pas aux fumeurs d'arrêter de fumer. Son seul intérêt est de « démarketiser » l'image du tabac auprès des jeunes qui commenceraient à fumer, ces derniers étant très sensibles aux marques et à l'image qu'elles véhiculent.*
Malheureusement, en 2016, les ventes officielles de cigarettes ont augmenté en France : le paquet neutre n'a donc pas fait diminuer la vente officielle de tabac. Nous ne disposons pas d'une typologie de ceux qui continuent de fumer et ne savons donc pas si le paquet neutre a été efficace pour empêcher les jeunes d'entrer dans le tabagisme – j'attends à ce sujet les données des observatoires. À l'époque, j'avais prôné, désespérément dirais-je, l'augmentation du prix du tabac contre l'instauration du paquet neutre. Les choix et les arbitrages avaient été différents. Maintenant que je suis ministre, je suis ravie de défendre une proposition à laquelle je crois fondamentalement. (Applaudissements sur plusieurs bancs des groupes REM et MODEM.)" Available via: http://www.assemblee-nationale.fr/15/cri/2017-2018/20180075.asp.

[5] Official data on the volumes of tobacco products distributed to retailers in France, as reported by the Customs authorities (Direction Générale des Douanes et Droits Indirectes). Available at: https://www.ofdt.fr/statistiques-et-infographie/tableau-de-bord-tabac/.

[6] WSP Analys & Strategi, Varumärrkesfoerbud pa Tobak i Australien, 15 December 2015, p.5; Available in original text only: 'När det gäller den övergripande målsättningen att minska rökningen finns inget signifikant stöd för att varumärkesförbudet har påverkat den nedåtgående trenden i rökning i Australien. Inte heller när det gäller utvecklingen av indirekta mått som hur stor andel av rökarna som är dagliga rökare eller hur många cigaretter som röks dagligen visar uppfölj ningarna på någon signifikant förändring i det övergripande målet, minskad rökning'.

[7] The Swedish Parliamentary Inquiry Committee's opinion on potential constitutional changes to introduce standardised packaging is available at: http://www.di.se/nyheter/brak-om-snusregler/. The Committee states that standardised packaging would go against principles of free competition and freedom of speech, safeguarded by the Swedish Constitution. Later, the Swedish Government decided not to include standardised packaging in the proposals for potential constitutional changes, submitted to the Council of Legislation in 2017. See at: http://www.regeringen.se/pressmeddelanden/2017/06/regeringen-foreslar-andringar-i-mediegrundlagarna/.

It also appears that standardized packaging has changed purchasing habits in Australia. For example, the Norwegian Government's consultation document states,

> *'[standardized packaging in Australia] does not appear to have had any negative impact on general sales and purchases[8]'*

Smokers in Australia continue to buy the same amount of tobacco, but in bulk quantities in order to, 'save the difficulty involved in purchasing tobacco'[9]. This is perhaps due to the confusion created at the point of sale by the consumer's inability to differentiate between brands. Market data shows that the 40 cigarette carton packaging saw its share increase from 8% in 2011 to 10% in 2013, whilst 25 cigarette cartons saw a decline from 50% to 45%[10]. Therefore, even though consumers may purchase cigarettes less frequently, they purchase larger pack sizes when they do.

Based on the Australian experience and the above-referred points, it is Amcor's firm view that the introduction of standardized / plain packaging will not contribute to the reduction of smoking prevalence and improvement of public health in Singapore.

2. Do you agree that the SP Proposal has the potential to achieve one or more of the five objectives set out above? Please cite any relevant studies (specifically, the particular page or part of these studies) or information that support or contradict this. (Please specify which of the above objective(s) you think the SP Proposal may achieve.)

Amcor response:

1. Amcor believes that the objectives stated in the Consultation Document are not able to justify a regulation. In relation to the potential impact of standardized packaging on smoking prevalence, please see our comments on question 1 above.

2. In addition, we believe the following key disadvantages should also be considered:

   a) Rise of illicit trade: standardized / plain packaging lowers barriers of entry of illegal products into the tobacco market leading to de facto creation of scale benefits for criminal organizations

      Although Singapore has comparatively low illicit market penetration, we believe that illicit products are highly dangerous to consumers, and have no doubt that packaging differentiation and complexity is the best natural deterrent against illicit tobacco trade. Operating within parameters set by the Government, this implies differentiated branding on

[8] p.26, paragraph 3.4: Research on the effects of standardized tobacco packaging
[9] Euromonitor International, Tobacco Packaging in Australia, June 2014
[10] Ditto as above

tobacco packaging in combination with highly complex print features that alternate on a regular basis.

In addition, despite Singapore's thorough border controls and smuggling prevention methods, the high price of tobacco products in comparison to surrounding countries means it remains a profitable target for illegal, cross-border transactions. For example, the average price of a tobacco pack in Malaysia costs just 35% of a Singaporean pack. In Indonesia, packs cost the equivalent of 10%[11]. This price incentive is clearly demonstrated by the numerous seizures of illicit Malaysian tobacco products in February, May, July, September and October in 2015, and Indonesian-sourced products in January 2016[12].

b) Misinformed consumers: limited capacity to authenticate / differentiate between products

As packaging experts, we are aware that one of the key roles of packaging is to provide the consumer the right to distinguish between authentic and counterfeit products. Packaging solutions should help adult smokers to make informed, educated choices, while protecting the industry, governments and consumers from unregulated and dangerous counterfeit products that divert money from public funds and drive criminal activity. Standardized / plain packaging is already creating authentication issues with legal tobacco, such as:

> *'Severe measures [i.e. plain packaging] make it more difficult and confusing for consumers to purchase cigarettes and other tobacco products[13]'.*

In order to avoid additional time and confusion at the point of sale, consumers do not smoke less, but adjust to bulk-buying tobacco. Retail outlets also report that standardized / plain packaging has affected staff training times, and has implications for personal security as staff must turn their back on the customer for a longer period of time[14].

c) Increased consumer down-trading with corresponding risk of price wars and other adverse effects: lack of differentiation pushes manufacturers to sell well-established brands at a lower price point

The introduction of standardized / plain packaging in Australia has expedited consumer down-trading to lower cost brands and to Roll-Your-Own tobacco. Down-trading in Australia is ostensible: while all other price bands of cigarettes declined, the market share of economy cigarettes is the only segment that has increased year-on-year[15] during the standardized / plain packaging period.

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[11] Internal research based on Euromonitor data as of February 2016; reflects average price of the most smoked brand per country

[12] Sources: Customs Today, Singapore ICA seizes 7,999 cartons of illicit cigarettes, 26 February 2015; Channel News Asia, 4 Malaysian men charged for alleged contraband cigarette activities, 28 May 2015; Asia one, Singapore stops illegal cigarette smugglers 3 times in 2 days, 3 July 2015; Singapore ICA, Three Arrested for Smuggling Duty-Unpaid Cigarettes, 10 July 2015; Business Standard, Singapore seizes illegal cigarettes, 7 September 2015; Blouin News, Singapore can't snuff out cigarette smuggling, 27 October 2015; TNP, Illegal cigarette peddlers back at Yew Tee, 23 January 2016

[13] Euromonitor International Analysis, *Tobacco Packaging in Australia,* June 2014

[14] Euromonitor International, Cigarettes in Australia, August 2014

15 Ditto as above

The emergence of a larger low-cost segment can also have a particularly negative effect on youth and teen smokers, who are up to three times more sensitive to price reduction than the average adult smoker[16]. Younger people generally have lower incomes, and are therefore more responsive to changes in prices of the goods they consume. They are also more receptive to peer effects - thus multiplying the response to a price induced change[17]. The emergence of new low-cost brands as a consequence of plain packaging therefore puts young people most at risk – that is, a demographic that the legislation it is intended to protect.

3. Do you have any suggestion(s) to improve the SP Proposal measure under consideration as set out in Part 3.3.3 of this document? Please cite any relevant studies (specifically, the particular page or part of these studies) or information that support your suggestion(s).

Amcor response:

Please see our response to question 4 below.

4. If you do not support the proposal to introduce the SP Proposal, do you have any suggestions to regulate the shape, size and look of tobacco products and packaging to achieve the objectives set out above? Please cite any relevant studies (specifically, the particular page or part of these studies) or information that support your suggestion(s).

Amcor response:

Given the inconclusive evidence around the public health benefits of standardized packaging implementation (e.g. in respect of Australia) versus the well documented health risks related to counterfeit products, Amcor believes that standardized packaging should not be implemented. We recommend that the Government should rather focus on a solution that maintains, if not increases, the level of packaging complexity, including security, brand and design features that can be changed on a regular basis. This would also act as a more effective shield against the criminal organizations driving illicit and counterfeit tobacco trade.

From a technical perspective, the printing technologies and assets used to manufacture standardized tobacco packaging are considerably less sophisticated and capital intensive than assets required for complex tobacco packaging. Hence, packaging complexity sets a high barrier of entry for counterfeiters.

To illustrate, Amcor produces complex tobacco packaging on high quality, Swiss and German-made gravure machinery, which are operated by experts with decades of experience in the printing industry. To match these world class assets and capabilities, criminal organizations would have to commit to an

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16 US Department of Health and Human Services, Office on Smoking and Health: Reducing tobacco use, 2002
17 Chaloupka et al., British Medical Journal, Tobacco control, Tax, price and cigarette smoking, 2002; 11 (Suppl I): i62-i72

upfront investment of at least 20 million Singapore dollars for printing presses, as well as basic tooling costs of around 50,000 Singapore dollars for every new pack design[18].

After the printing process, further complexity is added through a range of other processes which, when in combination, are particularly difficult to counterfeit:

Embossing: A 'male' embossing plate with a crest or a logo is pressed down on to the substrate, while at the same time a 'female' counter plate is fixed underneath the substrate. This results in a shaped three dimensional image on the packaging.

Foil stamping: metallic materials (commonly aluminium) are lifted off a roll and applied to the carton board substrate in the required design. This applies a unique look to premium products or it can be used to coat entire folding carton blanks.

Varnishes and lacquers: applied at the end of the printing process using one of three different technologies: (a) solvent-based with drying by evaporation of solvents; (b) water-based with drying by evaporation of water; (c) inert UV cured with drying by UV wave light. This protective layer ensures that printed colors are protected from mechanical impacts such as scratches, and that the final product is protected from inks and other chemicals.

Cutting and creasing: a die is created which has both cutting blades (that slice through the carton board) together with creasing blades (with blunted ends), which are used to create flat 'carton blanks' i.e. non-assembled cartons.

Standardized packaging would typically remove the requirements for this type of high quality machinery, as the simplified design (i.e. no varnish, no embossing, or foil stamping, etc.) can be run on less complex machinery, such as a digital printer. Standardized cigarette packaging would therefore lower the bar for replicating cigarette packs and expose Singapore to counterfeiters that may target the country with illicit and hazardous products.

5. If you do not agree that the SP Proposal should be introduced, what other options do you think should be adopted to reduce smoking prevalence, and the harm it causes? Please cite any relevant studies (specifically, the particular page or part of these studies) or information that support your suggestion(s).

Amcor response:

Please see our response to question 4 above.

[18] This figure reflects tooling costs for printing cylinders, embossing cylinders, and die-cutting and creasing equipment

6. If adopted, do you agree that the SP Proposal should be applied to non-cigarette tobacco products such as cigarillos, cigars, ang hoon, and roll-your-own tobacco? Please cite any relevant studies (specifically, the particular page or part of these studies) or information that support or contradict this.

Amcor response:

For the extensive reasons outlined above in respect of cigarette tobacco products and due to the similarity of these products to non-cigarette tobacco products, Amcor's view is that that the introduction of standardized / plain packaging for non-cigarette tobacco products is also unlikely to help reduce smoking prevalence and improve public health in Singapore.

7. If adopted, do you think that the SP Proposal might have any incidental impact in the Singapore context other than matters addressed in answer to the above questions? If so, please elaborate on the possible incidental impact and any evidence in support of the same.

Amcor response (see also our response to question 2 above):

1. Increase of counterfeit cigarette products

   Amcor believes that standardized packs will lead to a significant increase in counterfeit availability, which represents increased health risks, especially for under-aged consumers, who will find it even more difficult to differentiate legal from illicit products.

   In an investigation by the British Broadcasting Corporation (´BBC´) in the United Kingdom, illegal cigarettes bought by researchers were scientifically tested and reported to have the highest levels of toxins recorded in the United Kingdom to date. The cigarettes contained 30 times more lead than the average legal cigarette, meaning that a 'pack-a-day' smoker would inhale the equivalent of 600 cigarettes in just 24 hours[19].

   As stated by the Center for Regulatory Effectiveness, Washington D.C., a great percentage of these products are created in Asia, where they are produced cheaply before being imported into Western Europe[20]. The following statement, taken from a report by the Chinese government tobacco Monopoly Bureau in Shandong, describes the products involved in the creation of illicit cigarettes:

   > *Many counterfeit cigarettes manufacturers use [...] inferior quality products, even waste or contaminated waste products. Studies show that counterfeit cigarette combustion will produce a large quantity of 3.4-benzopyrene and other carcinogenic substances.*

[19] BBC: The BBC exposes tobacco crime gangs; 18th January 2011

[20] Center for Regulatory Effectiveness, The Countervailing Effects of Counterfeit Cigarettes, July 2011

> *Counterfeit cigarettes contain "bemisia tabaci" eggs that, once inhaled, will be like "pork tapeworm" as chronic parasitic in humans.*[21]

To inform and protect the general public from the risks of such counterfeit products, Amcor believes that tobacco packaging should clearly differentiate legal and authentic product from counterfeit product. This can be achieved through increased feature differentiation, allowing for unique security and branding features that could be further enhanced through frequent design changes.

2. Greater health risks for underage smokers

Amcor is aware that the Singapore Government and the Consultation are also focused on limiting the uptake of smoking by youth and the under aged. Young people – and especially first-time smokers – are significantly less likely to be aware of the differences between illicit products and those sold by a licensed vendor. Simultaneously, younger people who either earn less, or are not yet employed, are more likely to be price sensitive. Therefore, the lack of pack complexity characteristic of standardized packaging, coupled with a lack of disposable income, establishes a dangerous link between the under-aged and illicit tobacco products.

This is aligned with data found in The Hughes Study, published in the European Journal of Public Health, which shows that counterfeit cigarettes are a significant source of tobacco for underage smokers. It states,

> *'... many relied on friends and family to obtain cigarettes, and had bought foreign, fake or single cigarettes; methods of access that are much harder to control through government intervention.'*[22]

As stated by the same report,

> *'This gives cause for concern; such products are more affordable than commercial cigarettes for young people on restricted incomes, and fake cigarettes are known to contain higher levels of tar, nicotine and carbon monoxide, as well as high toxic metal concentrations that could be damaging to health.'*

Amcor remains confident that a higher level of packaging differentiation and complexity is required to effectively safeguard Singapore against illicit trade. Since standardized packaging removes these safeguards, the consequential rise of illicit products in the market puts consumer health, especially the young, at risk.

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[21] Shandong Provincial Tobacco Monopoly Bureau, Cigarette Counterfeiting, Problems and Thoughts on Countermeasures, 28th March 2011

[22] The Hughes Study, Smoking behaviors, access to cigarettes and relationships with alcohol in 15- and 16-year-old schoolchildren in North West England, European Journal of Public Health, 9th February 2010, p.5

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8. Please include any other comments or concerns regarding the SP Proposal that you would like the Government to take into account.

Amcor response:

To conclude, Amcor does not believe that the introduction of standardized packaging will safeguard consumers, thus not meeting the intent of the proposed legislation. Instead, it may have serious negative consequences such as increasing the likelihood of illicit trade, creating greater health risks by allowing an increase in counterfeit products and result in the misinformation of customers by removing the ability of consumers to authenticate and differentiate between legitimate and illicit tobacco products.

Amcor also does not believe that the tobacco standardized packaging measure in Australia has been effective or efficient in meeting its health goals. In fact, consumers do not seem to be affected by standardized packaging, as the long-term decline in smoking rates has even halted, following the introduction of the legislation. Instead, consumers buy in bulk to avoid confusion at the point of sale.

In parallel, standardized packaging undermines the intended health objectives of the Singapore Government by increasing consumers' exposure to the health risks associated with illicit tobacco. As well as significantly weakening consumers' and enforcement authorities' ability to differentiate genuine from illegal products, it invites organized criminal gangs to profit from the sales of counterfeit goods. We therefore do not believe that standardized packaging is a responsible anti-smoking measure.

Amcor has an established track record of informing and working with national governments and regulatory bodies on packaging policy. In the context of standardized tobacco packaging, we want to ensure that the Singapore Government is fully aware of the risks posed by the proposed policy. Amcor would be pleased to work alongside the Ministry of Health (MOH), Health Promotion Board (HPB) and Health Sciences Authority (HAS) in order that future tobacco packaging regulations are safe, effective, and aligned with the Government's efforts to fight youth smoking and reduce the risks associated with smoking.