Response by the UK Tobacco Retailers Alliance to Singapore's Standardised Packaging of Tobacco Products Consultation

16/03/18

About the TRA

The TRA represents and campaigns on behalf of small and independent retailers in the United Kingdom. Our members own a variety of small stores – convenience stores, small grocery stores, newsagents, etc. – that sell tobacco as well as other goods. TRA members are legitimate retailers who sell tobacco in a legal and responsible way.

The TRA is responding to this consultation in order to share small retailers' experiences of the introduction of plain packaging in the UK.

Introduction

Plain packaging was phased into the UK market from May 2016 to May 2017 at which point it became illegal to sell tobacco with non-compliant branding.

The TRA and other groups (including packaging and wholesale organisations) warned that this measure would likely grow the illicit tobacco market as counterfeiters could more easily and cheaply reproduce the plain packaging design. This was confirmed in an investigation by *The Sun*[1] newspaper prior to its introduction.

This would exacerbate the tax gap, which for the 2016-17 year was worth £3.1 billion of lost revenue (approximately 5.7bn Singapore Dollars). This is equivalent to approximately a quarter of all UK tobacco tax receipts in the year (c.£12 billion).

What has happened?

Plain packaging had a significant detrimental impact on small retailers. It became harder to identify individual packs on shelves which slowed down customer service which hurt customer loyalty and made staff less efficient.

Moreover, the TRA's warnings regarding an influx of cheap counterfeit tobacco proved correct.

During the phase in period, the TRA conducted a survey of its members to ask about their experience and the impact that plain packaging was having on them. 62% agreed that it was

[1] https://www.thesun.co.uk/archives/news/867896/sun-smokes-out-mr-cig/

negatively impacting on the business and 60% of them said they were aware of counterfeit plain packs in their local area[2].

The first counterfeit plain packs were found[3] and there have been many other seizures of such fakes[4]. Most worryingly, counterfeit packaged products have been offered to retailers and then sold at the same price as legitimate products. This is leading to significantly increased profits for organised crime groups at the expense of the legitimate trade and the unsuspecting consumer.

It is also notable that the measure has made customers more likely to buy illicit as well. A Tobacco Manufacturers' Association survey of 12,000 adult (18+) smokers found that 45% of smokers agreed that the recent changes to tobacco packs made them more likely to buy illegal tobacco and from abroad (31% disagreed)[5]. So plain packs have created a situation where it is easier to counterfeit tobacco products and customers are more willing to buy them or unwittingly buying them as they are hard to distinguish from a genuine product.

All of this has brought more crime into communities and damaged local cohesiveness. Firstly, small retailers and TRA members are key in providing communities with their needs, but as their shops are undermined by Government regulations, so are their efforts. And secondly, instead of a legal, tax-paying small business owner selling tobacco, it is criminals who don't ask for ID, are happy to sell to children and don't care about the local neighbourhood.

All of this reflects the experience of the other countries who have introduced plain packaging. For example, Australia saw a huge rise in the confiscation of counterfeit tobacco[6] and the proportion of illicit tobacco grew substantially[7]. Comparable UK figures are not available yet but they will most likely show that the UK has more untaxed tobacco than ever before. We note that Australia reported growing tobacco sales following the introduction of plain packaging, which appears to directly contradict the main reason for its introduction[8].

Furthermore, the French Health Minister, Agnes Buzyn, recently concluded that "plain packaging therefore did not contribute to reducing official tobacco sales"[9].

Conclusion

The introduction of plain tobacco packaging has caused many problems for small retailers. It is harder to serve our customers; it has made it easier for criminals to make enormous profits (we

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[2] http://www.tralliance.org.uk/wp-content/uploads/2017/03/1-Minute-survey_summary-data.pdf
[3] https://www.betterretailing.com/first-fake-plain-packs-discovered?
[4] For example:
http://www.readingchronicle.co.uk/news/around/16070481.REVOKED__Shop_loses_licence_over_immigration_and_counterfeit_cigarette_offences/?ref=twtrec , https://www.expressandstar.com/news/local-hubs/wolverhampton/2018/02/22/thousands-of-illegal-cigarettes-seized-after-wolverhampton-home-raid/
[5] http://the-tma.org.uk/wp-content/uploads/2017/09/UK-AIT-REPORT_PRINT-2017_v3.pdf
[6] https://velvetgloveironfist.blogspot.co.uk/2017/09/chickens-coming-home-to-roost.html
[7] https://iea.org.uk/in-the-media/press-release/two-years-on-all-evidence-shows-that-plain-packaging-has-failed-in-austra
[8] https://velvetgloveironfist.blogspot.co.uk/2016/05/plain-packaging-working-well-then.html
[9] http://business.financialpost.com/g00/opinion/plain-packaged-tobacco-is-a-flop-and-our-health-relies-on-ottawa-admitting-it?i10c.encReferrer=aHR0cHM6Ly93d3cuZ29vZ2xlLmNvLnVrLw%3D%3D&i10c.ua=1

estimate around £1.5 billion in 2016-17) and it has made it harder for legitimate businesses to stay in business.

It is deeply unfair that retailers have had to suffer so much on the whims of a few vocal campaigners who do not think of the negative consequences of the measures which they impose. I would strongly recommend that Singapore does not introduce plain packaging for tobacco products.