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a coesia company

Ministry of Health
16 College Road
College of Medicine Building
Singapore 169854
Attention: Director, Epidemiology and Disease Control Division
Email: Tobacco_Control@moh.gov.sg
Date: 09 March 2018

Dear Sir,

Re: Public Consultation on Proposal to Introduce Standardised Packaging of Tobacco Products in Singapore

With respect to the above Proposal to Introduce Standardised Packaging of Tobacco Products in Singapore, on behalf of our Company, we would like to submit our comments in response to your call for Public Consultations.

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.

We do not agree that the SP Proposal, when implemented will contribute to lower smoking prevalence. This is evident is some countries who has decided to take this path. Reviewing the prevailing smokers data, it does not indicate any decline. Some example of these countries are Australia and France.

In Australia, the smoking rate has not declined following its introduction. The Australian government collects data on national smoking behaviour every three years as part of its National Drug Strategy Household Survey (NDSHS). The most recent batch of data is from 2016 and reports no statistically significant decline in the ***overall daily smoking rate*** *between 2013 (12.8%) and 2016 (12.2%). This is the first instance of* ***no decline in 23 years.*** *This plainly states that plain packaging has not been successful to reduce smoking prevalence*

Moving to France, plain packaging has been introduced in that country for over a year (implemented 1 January 2017). From the data, it shows another failed plain packaging experiment. Official data published on 29 January by the OFDT (Observatoire français des drogues et des toxicomanies) shows that plain packaging has not had an impact on consumption. Indeed, in the course of 2017, sales of cigarettes remained stable with a slight decrease of 0.7% in volume after a 1.3% increase in sales during the first half of the year.

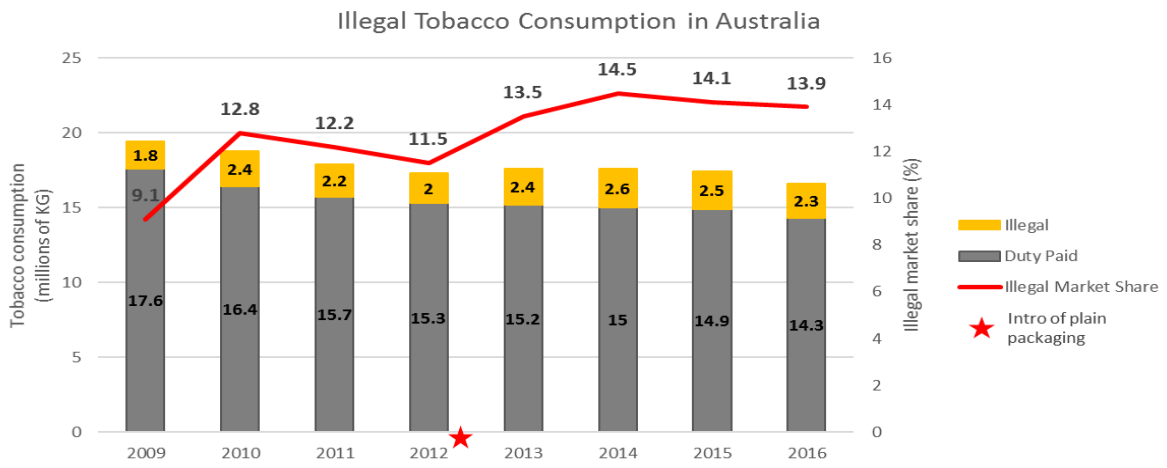
2. Do you agree that the SP Proposal has the potential to achieve one or more of the five objectives set out above? Please cite any relevant studies (specifically, the particular page or part of these studies) or information that support or contradict this. (Please specify which of the above objective(s)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

We strongly believe that the smoking Consumers do ***not*** *choose to smoke based on branded cigarette packaging, but consumers do use branding to identify differences between products, including between legal and illegal brands.*

On the contrary, the adoption of plain packaging could encourage illegal trade. When all packs look alike, our opinion is that consumers become less aware of brand differences. This will often results in consumers prioritising price over other quality concerns. This plays directly into the hands of the illegal tobacco trade, which does not pay taxes or maintain quality standards, and can thus charge significantly lower prices for cigarettes.

The growth of the illegal tobacco market undermines public health, as its cheaper products encourage initiation and consumption, while its sellers do not restrict their sales to adult consumers. By fostering an unregulated, untaxed marketplace, plain packaging also results in significant impacts on tax revenue, the business climate, and public security.

Referring to the Australian market, since the introduction of plain packaging in 2012, you can see the growth in size of the illegal trade as in the below chart



The illegal tobacco share increased by nearly 30% within the first two years of plain packaging being implemented in Australia in 2012. Today, the market share of illegal tobacco remains over 20% higher than pre-2012, representing 13.9% of tobacco consumed in Australia and representing approximately $1.6 billion AUD in lost tax revenue to the Australian Government according to the KPMG Report – Illicit Tobacco in Australia – Full Year 2016

We can conclude that Plain packaging prevents consumers from differentiating between legal and illegal products, which results in a sharp increase in illegal tobacco and a sharp decline in tax revenues.

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).

The SP Proposal is not a positive move and it is a bad policy to adopt as there are several costs/impacts. In addition, branding rights are also an essential component of a fair and competitive free market economy. Plain packaging deprives legal businesses of the ability to compete fairly and deprives consumers of the ability to make informed choices.

We believe that Plain Packaging sets a negative precedent on the protection of intellectual property rights. This creates doubt about our commitment to this important intellectual property principles, and in turn, its reliability from an investment perspective for Singapore.

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).

N/A

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).

There are a set of alternative solutions, which can be proposed; please see below.

Alternatives could be the following:

- *Effective enforcement of the minimum legal purchase age*
- *Reinforcing retail access prevention measures, such as the "No ID No Sale" program*
- *Greater resources and man power for effective, targeted enforcement strategies*
- *Focused public information campaigns*
- *Implementation of a negative licensing scheme for retailers*
- *Criminalization of proxy purchasing by adults for minors*

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.

Our opinion is that the SP proposal should not be applied to Non-cigarette tobacco products. As a further deliberation. The recent report produced by Brand Finance Report on Plain Packaging analysed the potential impact of PP on food and beverage brands in four categories: alcohol, confectionery, savoury snacks, and sugary drinks. It concluded that if PP was applied to these categories, they would see a decrease of the value of their brands by $187 billion. For beverages alone, Brand Finance estimated that the potential loss could be as much as $293bn.

To quote Brand Finance CEO, David Haigh, he said losses would be significant: "Predicted loss of brand contribution to companies at risk is only the tip of the iceberg". "Plain packaging also means losses in the creative industries, including design and advertising services, which are heavily reliant on FMCG contracts."[1] He also stated, "To apply plain packaging in the food and drink sector would render some of the world's most iconic brands unrecognizable, changing the look of household cupboards and supermarket shelves forever, and result in astronomical losses for the holding companies"

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.

On the SP proposal, if adopted, it will have incidental impact on Intellectual property rights. This may be viewed as that the relevant Authorities are compromising the rights-holders' ability to use, maintain and enforce these rights and this may be inconsistent with Singapore's International Obligation and on agreement on Trade-Related Aspects of Intellectual Property Rights. Effectively it could also be perceived as Technical Barriers to Trade Agreement.

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

Most of our concerns are already expressed with the above questions and points. We would like to repeat and summarize the points that we should take into account:

- *Plain Packaging or Standardized Packaging does not have any significant impact on lower smoking prevalence as demonstrated in countries which have taken this direction.. instead..*
- *It will encourage the illegal trade and loss of legitimate business, resulting in loss of Revenue collection by the Government*
- *The resulting increase illegal trade will foster black markets and infrastructure and attracts undesirable activities*
- *Plain Packaging or Standardized Packaging also means losses in the creative industries, including design and advertising services*

We sincerely hope that the above comments and concerns will be taken into consideration
Thank you

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