MIDDLE EAST WORKING GROUP

TAR AND NICOTINE LEVELS IN CIGARETTES

Introduction

1. There is little or no data to support the idea that lowering tar levels has an adverse effect on sales, provided that such a lowering is carried out in a carefully controlled fashion. In the United Kingdom, and in Germany, tar levels have been very considerably reduced over the last eight years, with no obvious impact on sales. Indeed, for some segments of the population (women under the age of 30) sales have risen during this period. For males, taken overall the sales have diminished, but for men under 30 the loss of sales has been relatively small.

2. There has been a suggestion from Germany that the limit of acceptability of cigarettes (in terms of tar delivery) is a little less than 10mg, say 8 or 9mg of tar, but the data to support this suggestion is very meagre. It is based mainly on the fact that low-tar cigarettes (6mg or less) have failed to secure a worthwhile segment of the market, whereas cigarettes delivering 10mg or more sell reasonably well. It must be borne in mind however that this lack of market penetration by low delivery cigarettes may have as much to do with the market image of these brands as with their tar delivery.

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3. This suggestion however, is supported by the pattern of sales in the United Kingdom. Since February 1978 the sales-weighted tar in the UK has fallen from 17.6mg to 14.3mg as at the end of July 1985. During this period the market share of low-tar cigarettes (defined as delivering less 10mg of tar) has risen from 12.8% to 15.4% of the total market, and yet the sales-weighted tar within the low-tar category has remained very close to 9mg (falling from 9.2 to 8.7mg during the same period). Thus it is clear that the only cigarettes selling within this category are those delivering 8 to 10mg of tar. Sales of cigarettes at deliveries lower than this are negligible, despite the fact that all the major manufacturers in the UK are marketing cigarettes with deliveries less than 7mg.

Arbitrary reduction is counter productive

1. Abrupt changes in tar deliveries are almost certain to cause unpredictable changes in the pattern of sales. In Finland, where abrupt changes in tar deliveries were imposed in 1984, the Government has withdrawn from its proposal to impose a similar change in 1987 on the "Detrimental" class of cigarettes. No official reason for this change of attitude has been given, but it seems certain that the pattern of sales that emerged after the first abrupt cut in tar values was a major factor in the decision to withdraw the proposal for a second cut. As a result of the first reduction, smokers have switched back to the higher delivery category. So the Government's measures have proved self-defeating.

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2. Any attempt to force a product on to the market before the customers are ready to accept it is likely to produce some kind of "black market". Somebody will move in, either legally or illegally, to give the customers what they want. Even in the United Kingdom, where the reduction in tar levels has been carefully controlled to be a gradual decline over a period of years, the rise in the sales of "own label" and other minor brands, all of which have been introduced at the top of the tar range, has been attributed to customer resistance to the declining deliveries of the market leaders.

3. Customer acceptance of low delivery cigarettes is likely to be improved if the nicotine deliveries are not allowed to fall, or if the nicotine deliveries fall less quickly than the tar deliveries. There is very little evidence to suggest that nicotine itself is a health hazard.

4. Some scientists suggest we think of the tar as the "wrapping" in which each smoker receives his nicotine. Some smokers prefer one form of "wrapping" to another. Hence, tar delivery, and its associated taste and flavour, has an important part to play in determining market share at a given level of nicotine delivery.

5. Scientists have shown that smokers use cigarettes to maintain their individual "plateau" of nicotine level in the blood-stream. If the delivery levels fall, tar and nicotine being reduced in equal proportion, then smokers will change their smoking habits.

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Although compensation takes place to a degree, it is incomplete.

6. If the aim of constituent reductions is to reduce the tar delivery to smokers, then the best route to choose, in terms of cigarette design, is to maintain the nicotine deliveries at an acceptable level whilst slowly reducing the tar deliveries.

7. There is little doubt that a gradual decrease in constituents is the most effective way of introducing low tar/nicotine cigarettes. This is demonstrated in the UK where the sales-weighted tar has been slowly reduced. In places where abrupt changes have been imposed the government's policy has been less effective. The market has remained stable in the UK and therefore reasonably predictable in terms of revenue from taxation. This is not an insignificant factor in the management of an economy where tobacco revenue is of any importance.

8. The Finnish experience also suggests that a total ban on all advertising does not help to reduce the sales-weighted tar. There is customer resistance to be over-come when tar values are changed by an appreciable amount but the brand-name on the packet remains the same. The customers know that what they are buying now is not the same as it was say a year ago, and yet the unaltered brand label implies that it is. It is very often much easier to induce a move to a lower

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delivery product if such a move is associated with a new brand name, but this manoeuvre is extremely difficult to achieve in the absence of any form of advertising.

9. All the foregoing presupposes that the tar and nicotine deliveries are being monitored in a reasonable fashion i.e. here is an agreed protocol governing the sampling and testing of the cigarettes on sale. No form of legislation, whether it relates to a gradual reduction or an abrupt change, can be seen to be effective unless the test procedures are well-established. The sampling and testing schemes will of course be different for these two situations, but the underlying principle remains the same. There must be an agreed procedure by which all products and all manufacturers are to be tested and compared.

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