

Big tobacco threatens to slash prices in Australia

SYDNEY: The tobacco industry on Tuesday (17 May 2011) threatened to slash the price of cigarettes if Australia goes ahead with plans to introduce plain packaging, saying more people will end up smoking.

Last month, Australia unveiled the world's toughest laws on tobacco promotion that would see cigarettes sold in drab olive-green packets plastered with graphic health warnings.

Under proposed legislation, due to take effect next year, all logos will be removed from cigarette packaging and tobacco companies must print their brand name in a specific font.

British American Tobacco launched a national media campaign against the move on Tuesday, with its Australian chief executive David Crow warning of a boom in the black market.

"When all cigarette packs look the same and lose their trademarks and distinguishing features, counterfeiters will have a field day mass producing packets to smuggle into Australia," he said.

"Could (the price of) cigarettes halve over time? In the longer term, potentially yes," he added, saying the cheap prices "basically means more people will smoke, more kids will smoke".

"It's going to backfire and go bad and lead to more people smoking, which is just mad if you're sitting at a government desk," he added to the Melbourne Herald Sun.

In a separate statement, Crow said there was no evidence that plain packaging would reduce smoking.

"What proof does the government have that their plain-packaging experiment will work?" he said.

"Can the government give a 100 percent guarantee that taxpayers' dollars won't be wasted on legal fees and compensation?"

Canberra says 15 000 Australians die of smoking-related diseases every year, and that tobacco use costs the country Aus\$31.5 billion (\$32.9 billion) annually in healthcare and lost productivity.

Although Australia would be the first country to mandate plain packaging of cigarettes, New Zealand, Canada and Britain have considered a similar policy.

The move has infuriated tobacco companies, with Imperial Tobacco Australia already saying it planned to challenge the move on the grounds that it would impact profits.

British American Tobacco claims the proposed legislation, which still needs to be approved by parliament would infringe international trademark and intellectual property laws.

Source: AFP

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