



Consumer Packaging Manufacturers Alliance

AUSTRALIAN INVESTIGATION SHOWS PLAIN PACKAGING FOR TOBACCO PRODUCTS HAS FAILED

Date: Mike Ridgway, the Director of the Consumer Packaging Manufacturers Alliance (CPMA), made a visit to Australia in February 2015 to investigate the effects of the introduction of standardised 'plain' packaging into the Australia market since December 2012 and the current trends of smoking rates.

He concluded:

- Plain packaging has virtually no influence on sales trends of tobacco products in Australia.
- The decline in tobacco smoking has been steady for many years before plain packaging was introduced and no information can be provided that this has further influenced the trend.
- Continued tax increases by the Australian Government has by far the greatest impact and at AUS \$1 per cigarette this was quoted as the major complaint by smokers and the reason to quit.
- A consequence of tax increases has seen the illicit trade expand which now amounts to 14.3% (1 cigarette in 7) of the consumer market including both the contraband and counterfeit product.
- Major seizures are taking place by Australian customs and in addition the Craven A product was reported on the 16/2/2015 as a counterfeit product and identified as such for the first time. Total revenue losses to the Australian Government of an estimated AUS \$1.2 billion over a 12 month period are taking place with this current volume of illicit trade.
- The illicit trade is extremely profitable with price differentials of major brands up to 7 times between Australia and other Far Eastern countries e.g. Korea and Vietnam.

- Major issues experienced by the retailer were in staff training and product identification information.
- The illicit trade was becoming more established with loose 'chop-chop' product readily available sometimes at very close to the locations established retailers' and mainly within the major city areas.
- The major multiples often experienced the 'wrong' branded packs sold to customers because of lack of pack identification.
- Consumers often prefer one set of graphics to others and request this at the point of sale but do not stop the purchase as further tax increases would.

Mike Ridgway said:

"Having spent time in Australia looking into the effect of standardised (plain) packaging I have concluded that it has not affected consumers desire to purchase tobacco products at all. In the main people were aware of the dangers associated with smoking without the need for additional pictorial warnings and many had begun using sleeves to cover up the new packaging.

"In addition price reductions are taking place as commoditisation takes over in the market which could ultimately drive consumption higher.

"Illicit trade is increasing. Australian customs are making major seizures and new counterfeit products have being introduced to the market since the introduction of plain packaging such as the Craven A product.

"The CPMA has been warning that the introduction of plain packaging in the UK would have a number of unintended and unwanted consequences and my work in Australia has reinforced this view. The stated objectives established when plain packaging was introduced were to reduce the smoking rates of young people; to reduce overall smoking rates; and to increase the effectiveness of health warnings – all have failed".

ENDS

Mike Ridgway is available for interview on 0777 1551 828