Beijing Limits Cigarette Advertising

Wednesday, July 30, 1997; 4:16 a.m. EDT

BEIJING (AP) -- Cigarette vendors in Beijing have been ordered to take down more than 300 illegal posters, awnings and other advertisements for foreign tobacco brands, a newspaper reported today.

The announcement comes amid moves nationwide to limit advertising of cigarettes, which Chinese authorities increasingly have blamed for health problems.

City commercial affairs officials are investigating the Beijing representatives of the British American Tobacco Co., Japan Tobacco Co. and other cigarette makers, the Legal Daily reported.

The illegal advertising included 36 sun awnings, 146 posters, 12 clocks, ashtrays and sales racks for 555, Camel, Salem, Mild Seven and other brands, according to the newspaper.

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Nation/World - *Stories from the latest print edition*

BAN SOUGHT ON TOBACCO TRADE HELP

By Joel Kirkland, Washington Bureau
Web-posted Thursday, July 24, 1997; 6:11 a.m. CDT

Dateline: WASHINGTON

Sen. Dick Durbin and three other northern Democratic senators Wednesday proposed barring the U.S. government from helping promote the sale of American tobacco products abroad.

Advancing what is likely to be an issue in the proposed tobacco settlement, Durbin (D-Ill.) said the proposed Worldwide Tobacco Disclosure Act would prevent U.S. trade officials from helping cigarette companies increase their sales abroad.

The measure also would require that cigarette packages exported from the U.S. to other countries carry U.S. warning labels, unless foreign labels are stronger.

Since the Reagan administration, the U.S. government often has used trade laws against anti-tobacco restrictions by foreign countries.

U.S. companies now sell more than $6 billion of tobacco to smokers overseas.

"In an effort to increase their market share of death and disease in foreign countries, the U.S. government should not be complicitous," Durbin said.

The legislation is sponsored by Sens. Durbin, Frank Lautenberg (D-N.J.), Tom Harkin (D-Iowa) and Ron Wyden (D-Ore).

They suggested that the measure could be taken up when Congress considers the proposed $368 billion settlement of health-related lawsuits against cigarette companies.

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They suggested that the measure could be taken up when Congress considers the proposed $368 billion settlement of health-related lawsuits against cigarette companies.

"While many refer to the (settlement) as a `global settlement,' the resulting agreement is most certainly not international in scope," said Lautenberg in a letter to the U.S. trade representative.

Negotiators for the tobacco industry have refused to accept any settlement limiting their ability to sell internationally.

Spokespersons for the tobacco industry would not comment

on what impact Durbin's bill might have on the proposed settlement that still must be approved by Congress and President Clinton.

The four senators expressed concerns that U.S. cigarette companies will step up promotion and sales in Eastern Europe, Africa and Asia to offset the costs of a settlement.

"We ought to use our influence to keep tobacco companies from cutting their losses with profits from selling to kids in Bangladesh," Wyden said.

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ACTION ON SMOKING AND HEALTH
A National Legal-Action Antismoking Organization

2013 H St., NW, Wash. DC 20006, (202) 659-4310

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U.S. TOBACCO LITIGATION SPARKING SIMILAR SUITS ABROAD [07.21.3]
Costa Rica, Israel, Canada and Others Are Moving Forward With Help From U.S. Lawyers and Antismoking Groups

Tiny Costa Rica will shortly demand tens of millions of dollars from two tobacco companies to cover the cost of smoking-caused diseases to Costa Rica's state social security system over the past decade -- a demand backed up by Dallas-based lawyers hired to sue if necessary. A Costa Rican study earlier this year said treating people with smoking-related diseases, including cancer and circulatory and respiratory illnesses, had cost the social security system about 125 billion colones ($534 million).

Government officials in Israel are also planning to sue -- indeed, hoping to be the first foreign country to bring suits similar to those in the U.S. which have forced the tobacco industry to the bargaining table. About 5,000 Israelis die each year from smoking-related illnesses. These illnesses, and the absenteeism they cause, cost the country more than $ 700 million annually. The suit would be for about $8 billion.

Health officials there say a state-sponsored lawsuit would draw attention to the dangers of smoking and raise money for Israel's deficit-plagued public health system, which pays for almost all of its citizens' treatment. The suits will be brought with the help of a Florida lawyer.

Just last month the government in British Columbia, Canada, introduced legislation to help individuals or governments sue the tobacco industry for health damages caused by smoking. It will essentially allow courts to use a diminished standard of proof in ascertaining the harmful effects of smoking, thereby making it easier to successfully pursue class-action suits against tobacco companies. Other countries expressing an interest in suing tobacco companies, including some which have already met with U.S. plaintiffs' attorneys or antismoking organizations, include Great Britain, Brazil and Belgium.

Additional interest is expected to be generated by a world conference to be held in August in Beijing, China, says law professor John Banzhaf, who will be presenting several papers at the conference on suing tobacco companies.

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COSTA RICA SUES TOO [07.21.1]
Other Foreign Countries Are Likely to Follow

Tiny Costa Rica is reportedly planning to demand millions of dollars in compensation from big tobacco companies for the cost of treating smoking-related diseases.

One of the demands is expected to be made before the end of the year.

The demand, against the Republic Tobacco Co., a unit of British-American Tobacco Ltd., and Costa Rica's Tabacalera, a unit of Philip Morris Cos. Inc. will be for the cost to Costa Rica's state social security system over the past decade.

Costa Rica's social security system has hired Dallas-based lawyers to press its demands.

A Costa Rican study earlier this year said treating people with smoking-related diseases, including cancer and circulatory and respiratory illnesses, had cost the social security system about 125 billion colones ($534 million).

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TOBACCO TAX HELPS -- NOT HURTS -- POORER AMERICANS [07.19.2]
Read Why, and Why The Increase is Miniscule by World and Even US Standards

Two of the biggest -- and perhaps the only -- arguments against an increase in the federal cigarette excise tax is that it would hurt the poor and that it would be too high. But both are wrong.

BENEFICIAL IMPACT ON THE POOR

The tobacco industry argues that an increased cigarette tax would be unfair to the poor, but ASH disagrees for many reasons.

First, the great majority of the poor -- and the majority of poor families -- do not use tobacco.

Therefore the majority of the poor who are not now smokers -- and those who quit as a result of the increased tax -- will not pay any of the increased tax on tobacco products, although they would reap the many benefits when higher cigarette taxes discourage smoking by others.

Primary among these would be the huge saving in income and other taxes now being used to pay for additional and unnecessary medical care under Medicaid, Medicare, Veterans' benefits and other welfare programs caused by smoking, as well as substantial savings in the expenses of medical insurance.

Indeed, it is estimated that smoking currently costs the American economy over $100 billion each year, and that the great bulk of this burden falls on nonsmoking taxpayers, including the majority of the poor who do not smoke.

In addition, since the financial incentive to quit is strongest among those with the least income -- who are also less likely to appreciate the dangers from abstract warnings and are least responsive to social pressures to quit -- the poor would also benefit more directly in many ways.

The most direct beneficiaries would be those who are dissuaded from smoking by the higher tax.

It was estimated that a two dollar increase in the current tax would have reduced the number of American smokers by 7.6 million, and saved 1.9 million lives -- more than all American deaths caused by all the wars in which we have participated.

Many of those who will avoid death and disability as a result of quitting -- even with a much smaller tax increase -- will be the poor smokers, the majority of whom already want to quit but require an additional incentive.

Since many of the 60,000+ American adults estimated to die each year from breathing tobacco smoke are the spouses of smokers, and the highest percentages of smokers are in the lowest income brackets, primarily beneficiaries of a higher cigarette tax will be the spouses of the current smokers who are persuaded to quit by a higher tax.

Others who as a result will literally breathe easier and live longer will be the children of the poor smokers who quit, and their friends and neighbors who are also likely to be poor.

Since smoking is also the major cause of residential fire deaths, the families of poor smokers and those who live in the same homes or apartment buildings are likely to benefit most from the cessation effects of a higher cigarette tax.

Finally, because money from the increased cigarette tax is targeted to help the working poor, more poor people are likely to benefit than be hurt financially. Although some have argued that the cigarette tax is "regressive" -- meaning only that in economic terms the percentage increase would be highest on poorer Americans, this isn't necessarily so.

A 1993 Congressional Budget Office study concluded in a study of excise taxes that "excise taxes may not burden lower-income families as much as they appear to. . . . Measured as a percentage of total family expenditures, excise taxes are nearly the same for low-, middle-, and high-income families."

INTERNATIONAL AND HISTORICAL COMPARISONS

First, the current U.S. combined federal and state cigarette excise tax rate of 56cents/pack is far lower than in most western countries where taxes usually start at more than $1/pack and are frequently higher than $2/pack.

Moreover, the U.S. tax rate as a percentage of the total retail price (30%) is far lower than virtually any country, where taxes almost always make up at least half of the total cost, and may run as high as 85%.

Even an increase of $2/pack from the current rate, as was proposed several years ago, would have left the U.S. far below most other countries in the tax burden it imposes on cigarettes. SEE FIRST CHART

By its own historical standards, the current U.S. cigarette tax rate is also very low. In 1956, long before we knew that cigarettes caused death and disabling diseases, the federal cigarette excise tax was almost 40% of the total retail price of 22.7 cents.

Since that time, the average retail price has risen more than eight times to $1.89 a pack (in 1993), and a corresponding increase in the federal tax would bring it to 66 cents. SEE SECOND CHART

FIRST CHART: CIGARETTE TAX/RATIO IN 1993,

AND SHOWING EFFECT OF $2.00 A PACK INCREASE

COUNTRY	TAXES	PRICE	T/P
Denmark	$3.68	$4.33	85%
U.K..	$2.52	$3.32	76%
Ireland	$2.77	$3.70	75%

India	$0.63	$0.84	75%
Finland	$2.45	$3.32	74%
Portugal.	$1.01	$1.36	74%
Brazil.	$0.31	$0.42	74%
Sweden.	$2.87	$3.93	73%
Belgium	$1.72	$2.35	73%
Germany	$2.11	$2.90	73%
Canada (hi)	$3.69	$5.11	72%
Italy	$1.11	$1.54	72%
Greece.	$0.75	$1.06	71%
France.	$1.37	$1.93	71%
Netherlands	$1.45	$2.07	70%
Argentina	$0.99	$1.41	70%
Canada (aver)	$3.01	$4.34	69%
New Zealand	$1.81	$2.67	68%
Norway.	$3.33	$4.87	68%
Canada (lo)	$2.59	$3.88	67%
Luxembourg.	$1.15	$1.71	67%
USA (proposed).	**$2.56**	**$3.89**	**66%**
Spain	$0.37	$0.60	62%
Korea	$0.46	$0.76	61%
Japan	$1.05	$1.75	60%
Australia	$1.38	$2.29	60%
Philippines	$0.24	$0.44	55%
Thailand.	$0.32	$0.59	54%
Hong Kong	$1.37	$2.65	52%
Switzerland	$1.05	$2.10	50%
Taiwan.	$0.66	$1.39	47%
USA (hi).	$0.86	$2.15	40%
Kuwait.	$0.22	$0.74	30%
USA (aver).	**$0.56**	**$1.89**	**30%**

USA (lo). $0.34 $1.73 20%

hi = highest state or province; lo = lowest state or province;

aver. = average state or province

Source: Non-Smokers' Rights Assn (Canada)

SECOND CHART: SHOWING HOW EFFECTIVE TAX RATE IN US HAS CONTINUED TO FALL BECAUSE TAX IS NOT INDEXED TO INFLATION

YEAR	PRICE	TAX	TAX/PRICE
1955	22.7 cents	8 cents	35%
1956	23.2 cents	8 cents	34%
1957	23.8 cents	8 cents	34%
1958	25.0 cents	8 cents	32%
1959	25.6 cents	8 cents	31%
1960	26.1 cents	8 cents	31%
1961	26.1 cents	8 cents	31%
1962	26.9 cents	8 cents	30%
1963	26.8 cents	8 cents	30%
1964	27.9 cents	8 cents	29%
1965	28.2 cents	8 cents	28%
1966	30.0 cents	8 cents	27%
1967	30.5 cents	8 cents	26%
1968	32.3 cents	8 cents	25%
1969	32.8 cents	8 cents	24%
1970	37.1 cents	8 cents	22%
1971	38.9 cents	8 cents	21%
1972	40.0 cents	8 cents	20%
1973	40.3 cents	8 cents	20%
1974	41.8 cents	8 cents	19%
1975	44.5 cents	8 cents	18%

1976	47.9 cents	8 cents	17%
1977	49.2 cents	8 cents	16%
1978	54.3 cents	8 cents	15%
1979	56.8 cents	8 cents	14%
1980	60.0 cents	8 cents	13%
1981	63.0 cents	8 cents	13%
1982	69.7 cents	8 cents	11%
1983	81.9 cents	16 cents	20%
1984	94.7 cents	16 cents	17%
1985	97.8 cents	16 cents	16%
1986	104.5 cents	16 cents	15%
1987	110.0 cents	16 cents	15%
1988	122.2 cents	16 cents	13%
1989	127.5 cents	16 cents	13%
1990	144.1 cents	16 cents	11%
1991	153.3 cents	16 cents	10%

Source: The Tax Burden of Tobacco, Vol. 26, 1991.