

## ASH NEWS RELEASE

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### ONTARIO AND QUEBEC URGED TO RAISE TOBACCO TAXES

Following today's tobacco tax increase in Manitoba, ASH is urging the governments of Ontario and Quebec to raise tobacco taxes immediately to prevent another national smuggling crisis. Including Manitoba, seven provinces have increased their tobacco taxes in 2002. Ontario, Quebec, and New Brunswick have yet to follow suit. These three provinces presently have the lowest tobacco prices in Canada and the United States. ASH believes that the current price differential between central Canada and its neighbouring regions is creating the potential for another national smuggling crises.

"The governments of Ontario and Quebec must increase their tobacco taxes immediately to avoid another national smuggling crisis", said Les Hagen, executive director. "Quebec and Ontario were quick to respond to the smuggling problem in 1994 by reducing their tobacco taxes substantially. If these provinces remain committed to curbing smuggling they will increase their taxes promptly to avoid another national crime wave" Hagen added.

The current price difference between Manitoba and Ontario is now almost \$23.00 per carton and the differential between Quebec and Newfoundland is over \$19.00. ASH fears that these price disparities will trigger a wave of smuggling between central Canada and its neighbouring regions. Even worse, low taxes in Ontario and Quebec will undermine public health across Canada due to the availability of cheaper contraband cigarettes.

"How can Ontario and Quebec justify having the lowest tobacco prices north of the Mexican border?" asked Dr. Roger Hodkinson, honorary chairman. "Even tobacco industry strongholds like Virginia, Kentucky, and North Carolina have higher cigarette prices than Ontario and Quebec. These low prices are undermining public health in central Canada and they threaten to jeopardize public health across the country by creating a supply of cheap contraband cigarettes in neighbouring regions" he added.

Tobacco taxes are one of the most effective strategies to reduce and prevent tobacco use. According to global evidence, every 10% increase in the price of cigarettes reduces consumption by 3-4% among adults and by 6-12% among adolescents. Tobacco industry products kill an estimated 45,000 Canadians annually, claiming the lives of one in every five citizens.

The international smuggling problem between Canada and the United States that existed in the early 1990s has been resolved as the result of higher U.S. cigarette prices and a higher monetary exchange rate. Canada has taken additional steps to prevent cross-border smuggling to the U.S., including the imposition of a \$10 to \$22 export tax on every carton of Canadian cigarettes. For a listing of cigarette prices in Canada and the United States, visit <http://www.nsr-adnf.ca/english/taxmap.pdf>.

Based in Edmonton, ASH is Western Canada's leading tobacco control organization.

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