

ASH NEWS RELEASE

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CIGARETTE SHIPMENTS ON THE RISE IN ALBERTA – ASH BLAMES IT ON PRICE DISCOUNTING

ASH is alarmed by new provincial data from Alberta Revenue revealing that cigarette shipments in Alberta soared upward by 16 percent during the last fiscal quarter ending September 30. This increase is the first since tobacco taxes were raised in March 2002. ASH believes that a recent surge in tobacco discounting by tobacco manufacturers is likely to blame for the sharp and sudden increase.

“The rapid increase in provincial cigarette shipments is alarming and it is almost certainly the result of market forces such as price discounting,” said Dr. Roger Hodkinson, honorary chairman. “Tobacco companies have been flooding the market with discount cigarettes in a desperate attempt to reduce the impact of tobacco tax increases and to undermine public health” he added. “It appears that this objectionable strategy is working.”

ASH's assertions are backed up by the latest quarterly report from Rothmans Benson and Hedges revealing that the discount tobacco market in Canada grew by 40 percent in the first six months of 2003. According to Rothmans, ‘price category’ tobacco now represents more than one quarter of the total tobacco market in Canada.

“If sustained, the recent surge in cigarette shipments will diminish the impact of the 24 percent decline in tobacco sales that was achieved last year in Alberta” said Les Hagen, executive director. ASH attributes last year’s decline to the \$2.25 per pack provincial tax increase of March 2002—the largest cigarette tax increase in Canadian history. “The Alberta government must act quickly to protect its gains in reducing tobacco use in this province. We cannot stand by and allow the tobacco companies to jeopardize the tremendous progress that has been made in improving the health of Albertans”.

“The tobacco companies know that cost is the single largest factor affecting consumption and that’s why they are slashing prices”, Hagen emphasized. “These discounts are very attractive to price-sensitive smokers, including adolescents. The Alberta government must protect young people from this predatory marketing practise”.

ASH is urging the Alberta government to curb discounting by increasing the floor price of all tobacco products through corresponding tax increases.

Founded 25 years ago, ASH is Western Canada’s leading tobacco control organization.

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