



1st December 2010

Mr Brian Lenihan
Minister for Finance
Department of Finance
Government Buildings
Upper Merrion Street
DUBLIN 2

Dear Mr Lenihan,

I am writing on behalf of Forest Éireann, a lobby group that was launched in August 2010 to represent adults in Ireland who choose to consume tobacco products.

Forest is an acronym for Freedom Organisation for the Right to Enjoy Smoking Tobacco. Our parent group was founded in the United Kingdom in 1979 and is recognised in political and media circles as the “voice of the smoker”.

Forest, I must emphasise, does NOT encourage anyone to smoke. We simply defend the interests of adults who choose to consume a legal product. Forest (UK) receives funding from tobacco companies but neither our parent group nor Forest Éireann represent the tobacco industry.

Predictably, the tobacco control industry in Ireland has called upon the Government to increase the price of cigarettes. The Irish Cancer Society and the Irish Heart Foundation want you to increase tax on a packet of 20 cigarettes by 50 cent.¹ Ash Ireland has gone further, calling for a €1 increase.² Criminal gangs must be rubbing their hands with glee at the prospect.

Tobacco duty in Ireland is already at record levels and it is no coincidence that the country has been described as a “tobacco smuggling blackspot”.³ Any reasonable assessment of the impact of increasing tobacco duty above and beyond the existing level must conclude that a further increase will benefit only the smugglers, some of whom have been reported to use children as young as 12 to sell illicit cigarettes door to door⁴ and as young as seven at open air markets.⁵

Experience (and evidence) suggests that excessive taxation encourages smuggling and criminality, and that in turn leads to a loss in revenue and an increase in overall consumption because of the sheer volume of cheap tobacco that becomes available on the black market.

As a responsible lobby group we do not condone smuggling, which is detrimental not only to law-abiding taxpayers but also to small shopkeepers and specialist tobacconists. It is understandable however that some people, especially those on low incomes, will succumb to the temptation to buy cheap illicit tobacco if it is offered to them, especially in a harsh economic climate.

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The Director of Public Prosecutions has said that one in four cigarettes smoked in Ireland is illegal.⁶ The Customs Service is said to have seized 74.5 million cigarettes in 2007 and 135 million cigarettes in 2008.⁷ Based on 2009 receipts, the Department of Finance has estimated that the Exchequer loses €200 million in duty each year due to the illicit trade in tobacco.⁸ You yourself are reported to have estimated the loss to the Exchequer at about €380 million.⁹ The Garda meanwhile has estimated that tobacco smuggling is costing the Government €556m a year,¹⁰ with criminal gangs making €3m a week from illegal cigarette sales.¹¹

In February 2010 the Irish Times reported that “The availability of cheap black-market cigarettes has helped push up smoking rates and is allowing criminal gangs to dictate Irish health policy, representatives of the Irish Heart Foundation (IHF), the Irish Cancer Society (ICS) and Ash Ireland told an Oireachtas committee today.”¹²

Despite this the tobacco control industry led by Ash Ireland want you to *increase* the cost of cigarettes further still. A 50 cent increase, says Ash, could generate €100m for the Government. Given the clear evidence about the high incidence of smuggling – encouraged by the present level of taxation – and the consequent loss of revenue to the Exchequer, this, surely, is the economics of the madhouse.

One argument for increasing tobacco taxation is that it will encourage some people to quit smoking. In our opinion, a society that uses excessive taxation as a form of social engineering (coercing people to change their behaviour) is illiberal and fundamentally flawed. It ignores the fact that through taxation smokers make a major contribution to the economic health of the nation, far in excess of the estimated cost of treating ‘smoking-related diseases’.

Most important, there is very little evidence that increasing tobacco tax reduces smoking rates (youth or otherwise). Indeed, tobacco control policies in Ireland – from the public smoking ban to the tobacco display ban – appear to have the opposite effect, with smoking rates among adults arguably increasing in recent years^{13,14} and youth smoking rates remaining static.¹⁵

We believe that it makes economic sense to not only freeze the tax on tobacco for another year but to *reduce* the tax by €1 per packet of 20 cigarettes. This, we believe, would not only encourage those who choose to smoke to purchase their tobacco via legal channels, it would also help maximise revenue to the Exchequer.

Note: we do NOT believe that a reduction in tobacco duty will encourage more people, especially younger people, to start smoking if the sale of cigarettes is properly controlled and regulated. Price may be a factor in encouraging some existing smokers to quit but it does not appear to be a factor in encouraging young people to start smoking. What is far worse, in terms of youth smoking, is the easy accessibility to illicit cigarettes via an uncontrolled black market.

There is another reason to reduce tobacco duty. Excessive taxation on consumer goods hits the elderly and the less well-off harder than anyone. In a recession, when people look for any crumb of comfort (including cigarettes and alcohol), we believe it is immoral to penalise those who can least afford the increase in duty that the tobacco control industry is demanding.

In addition to reducing tobacco tax, we also ask you to acknowledge in your Budget statement what I am sure is said privately among officials – that smokers make a major financial contribution to the Irish economy and that if tobacco tax was reduced (leading to a reduction in the sale of illicit and counterfeit tobacco) the financial benefits would be even greater.

It is important too to emphasise the social harm that could result from a further increase in tobacco tax. Governments must protect the weakest in society and we believe that increasing tobacco tax will make such groups – children, the elderly, the unemployed – more vulnerable to the smugglers and the criminal gangs.

I very much hope that your Budget statement will reflect the economic and social reality and not the fool's paradise that some tobacco control advocates would have us inhabit. You will be criticised by anti-smoking zealots, we know that, but you will be applauded by others as the Finance Minister who put common sense ahead of dogma and in so doing reduced smuggling, discouraged criminality, maximised the revenue available to the public purse and – most important – treated smokers as human beings rather than unwilling participants in an unseemly and illiberal experiment in social engineering.

To conclude: the economic climate has changed dramatically and the country is forced to embrace a new reality. I very much hope that you will share our view that targeting and sometimes persecuting smokers for a legal habit is not the most sensible policy at any time. Targeting smokers, many of who are elderly, unemployed or on low-pay, during a recession is social and economic madness.

Yours faithfully,

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www.foresteireann.org

References:

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- ¹² Tobacco smuggling 'now epidemic', Irish Times, 17 February 2010
- ¹³ National Health and Lifestyle Survey (SLÁN 2007)
- ¹⁴ Eurostat figures (August 2010)
- ¹⁵ Office of Tobacco Control