

ash. facts at a glance

action on smoking and health

www.ash.org.uk

enquiries@ash.org.uk

Telephone: 020 7739 5902

Tobacco economics

Taxation

- The Treasury earned £8,219 million in revenue from tobacco duties for the financial year 2008-2009 (excluding VAT).
- About 76% of the price of a packet of cigarettes consists of taxation.
- The price of cigarettes has a major effect on cigarette consumption. Higher tobacco taxes reduce smoking and smoking related sickness as people cut down, stop smoking, or never start because of the high cost.
- Public opinion is largely in favour of increased taxation, according to various opinion polls.

The tobacco industry

Around 5,000 are employed in the tobacco industry in the UK.

The UK cigarette market is dominated by two companies: Gallaher and Imperial Tobacco, which together control around 85% of market share. (Gallaher is now owned by Japan Tobacco.)

- About one fifth of tobacco consumed in the UK is illicit. Tobacco smuggling results in a net loss to the Treasury of more than £2 billion a year.
- The global tobacco industry produces five and half trillion cigarettes a year. Sales from the 5 biggest international companies account for three-quarters of the worldwide market, excluding China.

Health costs

Smoking costs the National Health Service (NHS) approximately £2.7 billion a year for treating diseases caused by smoking.

This includes the costs of hospital admissions, GP consultations and prescriptions. The government also pays for sickness/invalidity benefits, widows' pensions and other social security benefits for dependants.

An analysis of the cost benefits of achieving the government's targets to reduce smoking has shown that £524 million could be saved due to the reduction in the number of heart attacks and strokes.

Cost to industry

Smoking results in lost productivity caused by smoking breaks and increased absenteeism amongst smokers due to ill-health.

Each year about 34 million days are lost in England and Wales through sickness absence caused by smoking. In Scotland, the cost of this productivity loss was estimated to be £400 million per annum.

A review of the costs and benefits of making workplaces smokefree in England concluded that there would be a total net benefit of between £2.3 billion and £2.7 billion.

Cost to smokers

A 20-a-day smoker will spend about £2000 a year on cigarettes.