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Sent: 24 July 2015 10:38

To: Constitutional and Legislative Affairs Committee | Y Pwyllgor Materion Cyfansoddiadol a Deddfwriaethol

Subject: Evidence based policy making



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24 July 2015

Dear Mr Williams,

You will be, I'm sure, aware that some aspects of the legislation proposed by the Welsh Government in its outline Public Health Bill have caused a broad range of organisations – including those that represent health and business interests – to publicly voice their concerns about the lack of supporting evidence for the proposals. This has prompted me, as the Regional Manager for Wales of the Tobacco Manufacturers' Association (TMA), to write to you. The TMA is the trade association for tobacco companies that operate in the UK. The TMA's three members are British American Tobacco UK Ltd, Gallaher Ltd (a member of the Japan Tobacco International group) and Imperial Tobacco Ltd.

We recognise that tobacco is a controversial product but we also believe that when dealing with controversial products and issues it is vitally important for all associated legislation to be evidence-based, to be proportionate and to deliver the intended outcomes. That is why we are committed to working openly and transparently with policymakers to facilitate a balanced debate on tobacco manufacture, sale and use.

We offer strategic and operational support for actions that help to tackle important issues such as tobacco-related littering, retail crime, underage smoking and the illicit trade in smuggled and counterfeit tobacco. We are also a respected source of industry statistics, which can inform, and provide the evidence required for, robust policy making. For example:

The Cost of the Illicit tobacco trade in Wales

- 27% of total cigarette consumption in Wales in 2014 was non-UK duty paid.
- 45.2% of total hand rolling tobacco (HRT) consumption in Wales in 2014 was non-UK duty paid.

- The total cost to the Exchequer of non-UK duty paid consumption in Wales in 2014 was approximately £263 million.
- The total cost to shop keepers sales losses associated with non-UK duty paid consumption in Wales in 2014 was in the region of £341 million.
- Non-UK duty paid consumption in Wales cost independent shopkeepers around £150 million in 2014. This equated to an average loss of more than £46,000 per independent shop.

Conversely, legitimate tobacco manufacturers, retailers and supply chain companies continue to make a significant contribution to the socio-economic well-being of Wales.

The Economic Contribution of the Industry in Wales

- The tobacco sector in Wales contributed approximately £440 million to the Exchequer in excise revenue and VAT in 2014.
- Independent research identifies that the tobacco sector supports in the region of 2000 jobs across Wales, in distribution, retail and forward linkages.
- The tobacco sector's forward linkages in Wales are worth in the region of £440 million in Gross Value Added to the UK economy as a whole.
- Tobacco products account for approximately one third of independent retailers' sales revenue. There are 3,219 such shops across Wales.
- The value of tobacco sales in Wales in 2014 was more than £777 million. This amounted to an average sales value more than £106,000 per independent shop.

Clearly, this type of information could help to provide the evidence base for Welsh Government priorities and policies with regards to illicit trade, economic development and enforcement.

To summarise, the recent debate on the Welsh Government's proposals have served to highlight the clear need for evidence-based policymaking. The TMA is ideally placed to help – by providing information, research and data on tobacco-related issues in Wales. We are also keen to identify ways for the industry to do more to combat the trade in illicit tobacco, support hard working independent retailers and to deliver campaigns that help to combat tobacco-related issues such as smuggling, underage smoking and littering.

To these ends, I would welcome the opportunity to meet with you to discuss these matters in more detail and look forward to hearing your views.

Regards,



Mike Goodall

Regional Manager-Wales

Tobacco Manufacturer's Association

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