

PLAIN PACKAGING ON CIGARETTES WILL WORK

La Trobe University economists refute arguments by tobacco manufacturers, which are currently being discussed in the High Court.



Australian tobacco companies made an appeal to the High Court in late April 2012, claiming that the Tobacco Plain Packaging Act 2011 amounts to an acquisition of their property, in the form of trademarks and logos

Professor Harry Clarke and Dr David Prentice from La Trobe University's School of Economics have conducted a review into the Australian Parliament plain packaging legislation. They looked at the likely effects of this new policy, by considering the results of earlier restrictions on electronic and print media advertising of cigarettes.

'The claim from the tobacco industry that plain packaging will potentially reduce cigarette prices, is likely to be correct,' says Professor Clarke. 'But this price decline can be readily offset by increases in the tobacco excise'. 'Comparing results from the advertising restrictions in the early 1990s, it is highly unlikely, however, that new low price brands from major companies will be introduced after this legislation.'

'Likewise, the concern that there will be a substantial increase in unbranded or counterfeit cigarette supply is unfounded. What is more likely is that the introduction of

plain packaging will make cigarette production far cheaper, therefore making the illegal market less profitable, and less cost effective.'

Professor Clarke and Dr Prentice have also received nationwide recognition for their research into Reforming Taxes, Charges and Supply Decisions in the Australian Road Transport Sector.

'Australia's plain packaging package seems at worse to be a costless experiment that provides valuable information on the effectiveness of plain packaging at almost zero public cost. There will be no harmful effects and possibly significantly beneficial effects in reducing deaths from smoking,' says Professor Clarke.

The new legislation comes into force on 1 December 2012 across Australia. The plain packaging will replace brand logos with stark anti-smoking messages, and only company names will be permitted in a standardised font.

The findings were published in a working paper titled *Will Plain Packaging Reduce Cigarette Consumption?*

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