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# A MENU OF AVAILABLE **supply-side approaches** TO REDUCE TOBACCO USE

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## **1** Use “Cap and Trade” to **phase out** tobacco production

### How it works:

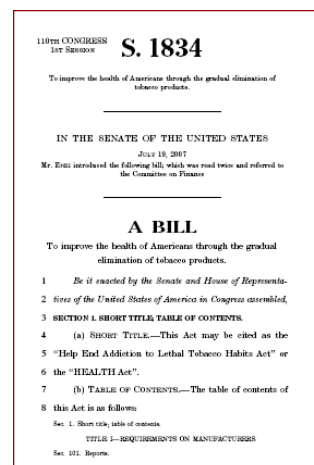
“In cap and trade programs, the government sets a limit or cap on the amount of a pollutant that can be emitted. The cap provides the standard by which progress is measured, and it creates an artificial scarcity. Companies or other groups that emit the pollutant are given allowances to emit a specific amount. The total amount of allowances is fixed and cannot exceed the cap, limiting total national emissions. The allowances then have value, due to the artificial scarcity created. The cap is lowered over time – aiming towards a national emissions reduction target.” (*Enzi news release, July 19, 2007*).

### Example:

*U.S. Senator Mike Enzi’s bill S. 1834. “Help End Addiction to Lethal Tobacco Habits Act” - Health Act. This law creates a cap-and-trade program to the annual size of the US tobacco market to less than 2% tobacco use prevalence.*

### Reference:

*S. 1834 press release. <http://enzi.senate.gov>*



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## **2** Set Kyoto-style **binding targets** for tobacco reduction.

### How it works:

Parliament directs the government to meet reductions targets in tobacco use. Legislation could require the government to turn its current “aspirational targets” for tobacco use (12% in 2011) into “binding targets”, thus changing an administrative intention into a legal obligation.



### Example:

Legislation adopted in the European Union to meet legally binding Kyoto targets.

### Reference:

[http://www.eea.europa.eu/pressroom/newsreleases/ghg\\_emissions-trends2004-en](http://www.eea.europa.eu/pressroom/newsreleases/ghg_emissions-trends2004-en)

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# 3 Use license systems to control (not just regulate) retailing.

## How it works:

Retailers run as private businesses, but are licensed by a central government authority (provincial, federal or municipal) and must meet conditions of license to operate. Conditions of license are set to meet community goals. Periodic requirements for renewal of licenses can be used to amend conditions and to assess behaviour.

## Example:

France—"les Buralistes" debits du tabac; Canada—taxi, radio licenses.

# 4 Use zoning laws to control number and location of tobacco retailers.

## How it works:

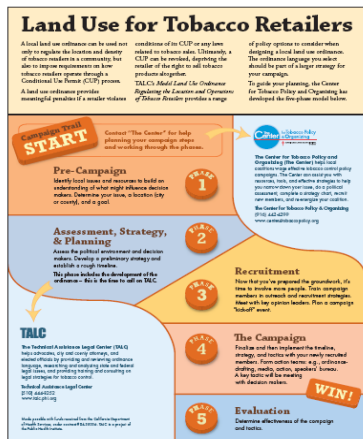
Local governments can use zoning powers to limit the total number of tobacco retailers, to ensure that tobacco retailers are located away from schools and other places where youth may go, and to limit the proximity of tobacco retailers to each other. Conditional use permits can be imposed to require codes of behaviour.

## Example:

California communities of Pasadena, San Rafael, Oakland, Marin County ...

## Reference:

<http://talc.phlaw.org/>



# Les Buralistes— (a model in need of improvement)

The problem with France's retailing system for tobacco is shown in the picture shown above taken during November 2007 demonstrations by tobaccoists



against France's new smoke-free laws. French tobaccoists like Canadian convenience store owners, resist public health measures which they see as a threat to their livelihood.

Notwithstanding the failure of France to integrate a health mandate in their control of tobacco retailing, this system may have lessons for Canada.

France once managed its entire tobacco industry through a state monopoly, but has liberalized all but the retail sector in recent years. French tobacco retailers ("les buralistes" or "bureaux de tabac") have exclusive rights to sell tobacco for a specified period in a specific area, granted by the French tax office ("Administration des Douanes et des Droits Indirects"). To sell tobacco in France, a licensee must meet several community purpose conditions (sadly none of these objectives are health related).

Buraliste tobacco income, just like Canadian tobacco retailers' income, is a percentage mark-up on cigarette sales. In France, this percentage is set by the state at 8%.

Buralistes must:

- undergo mandatory training.
- be a 'real person' (corporations are not eligible).
- operate no more than one outlet.
- be the sole owner of the license, and maintain the tobacco outlet independent of any other business interest.
- not be in debt for more than 66% of net purchase price or 75% of total purchase price.

The unregulated market has produced 35,000 tobacco retailers in Canada—**one store for every 142 smokers**. With a population double that of Canada, France, with its regulated system of restricted licenses has only 31,000 tobacco outlets—**one store for every 450 smokers**.

# 5 Establish a tobacco monopoly



## PRIVATE SECTOR MONOPOLY

### How it works:

A single private sector enterprise is given authority to manage the provision of a service or good, but must report to a regulatory agency on how it is managed.

Regulator can set conditions or performance targets.

### Example:

Bell Canada prior to 1987; Ontario beer stores; Enbridge Gas.



## PUBLIC SECTOR MONOPOLY

### How it works:

Crown corporations are provided monopoly authority, and report, variably, to the legislature or executive council of government. Sometimes they directly administer

the good or service (i.e. workers compensation boards), sometimes they oversee the provision of goods or services by others (i.e. Wheat board or other agricultural supply).

### Example:

Sasktel, Manitoba Public Insurance Corporation, Ontario Liquor Control Board, Quebec Hydro, Canada Deposit Insurance Corporation, Saint Lawrence Seaway Commission, Workers Safety and Insurance Board.



# 6 Pass a purpose-built law for tobacco corporations

(i.e. not just a *Tobacco Act*, but a *Tobacco Corporations Act*).

### How it works:

Some types of enterprises have additional responsibilities imposed on them through legislation or regulation. They have more conditions placed on their operations than other corporations. The Bank Act, for example, requires banks to not be engaged in other lines of business. The Broadcast act requires Canada's broadcasters to provide a corporate plan to the government every year. Canada's Health Act requires that core health insurance be provided on a non-profit basis.

### Examples:

Bank Act, Broadcasting Act, Nuclear Energy Act, Public Hospitals Act, Canada Health Act.

# 7 Freeze — and roll back— the tobacco market

## MORATORIUM ON NEW LICENCES

### How it works:

Market is prevented from expanding by prohibiting the introduction of new service providers – i.e. no more tobacco manufacturing licenses.

### Examples:

Alberta moratorium on new licenses to draw water from Alberta rivers (April 2007); Moratorium on Salmon Fishing Licenses in British Columbia (1995); Ottawa moratorium on new bars in market area ;

## MORATORIUM ON NEW PRODUCTS

### How it works:

Market is prevented from expanding by prohibiting the introduction of new products.

### Examples:

European Union ban on new biotech foods, 1998.

## BAN ON SOME TYPES OF TOBACCO PRODUCTS

### How it works:

Market is controlled by banning categories of products that are deemed to be more harmful than other available options.

### Examples:

Australian ban on oral tobacco; ban in some Australian states on flavoured tobacco products, Canadian ban on incandescent light bulbs after 2012. Lynn Kozlowski and others have proposed banning ventilated cigarettes.

## MAKE CIGARETTES TASTE BAD.

### How it works:

Reverse engineer cigarettes to make them progressively less palatable. People will be less likely to start and more likely to quit smoking.



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