



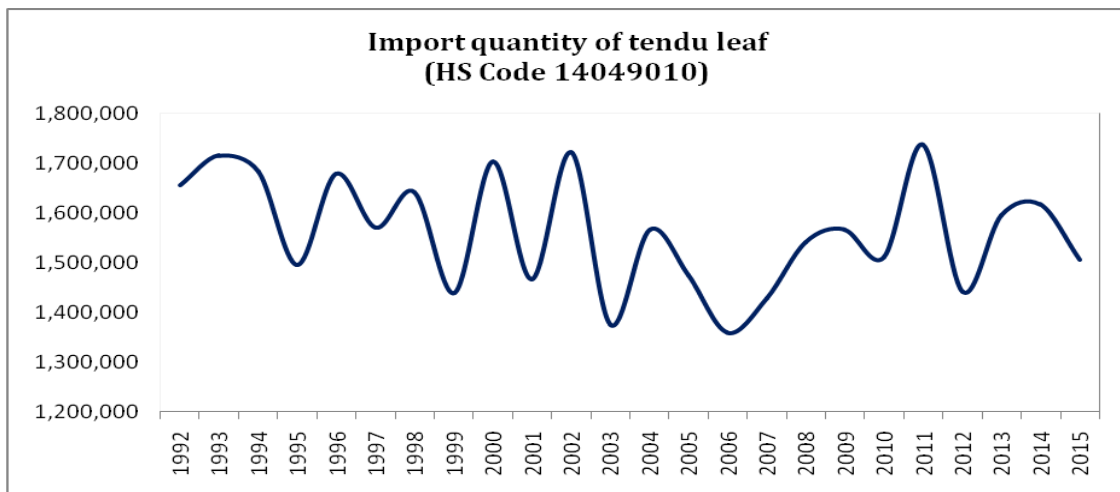
### **Exposing the false statements Disseminated by Tobacco Industry**

It is no secret that the Sri Lankan government took measures last year to increase the unit price of a cigarette up to Rs. 50, by increasing the taxes levied upon them. There seems an increase in attempts of the cigarette industry in popularizing certain incorrect data and rumors via media channels, with regard to the aforementioned increase.

01. Cigarette companies are in an attempt to popularize the view that increased cigarette prices have led the way to higher consumption of 'beedi'. But by analyzing the data for last 20 years it can be proven that there was no such issue.

This long standing argument has been further fuelled with the recent price hikes. However, the inaccuracy of these statements can be proven by the fact that the records of the Central bank show no significant increase in imports of the 'thendu' leaf used in manufacture of beedi's

Irregularities willfully maintained by cigarette companies in the aforementioned data have ensured an unfair bias towards these companies, to the extent of misleading the ministry of finance. It is clear that the cigarette industry used the 'beedi' industry as a scapegoat in order to cover its own tracks.

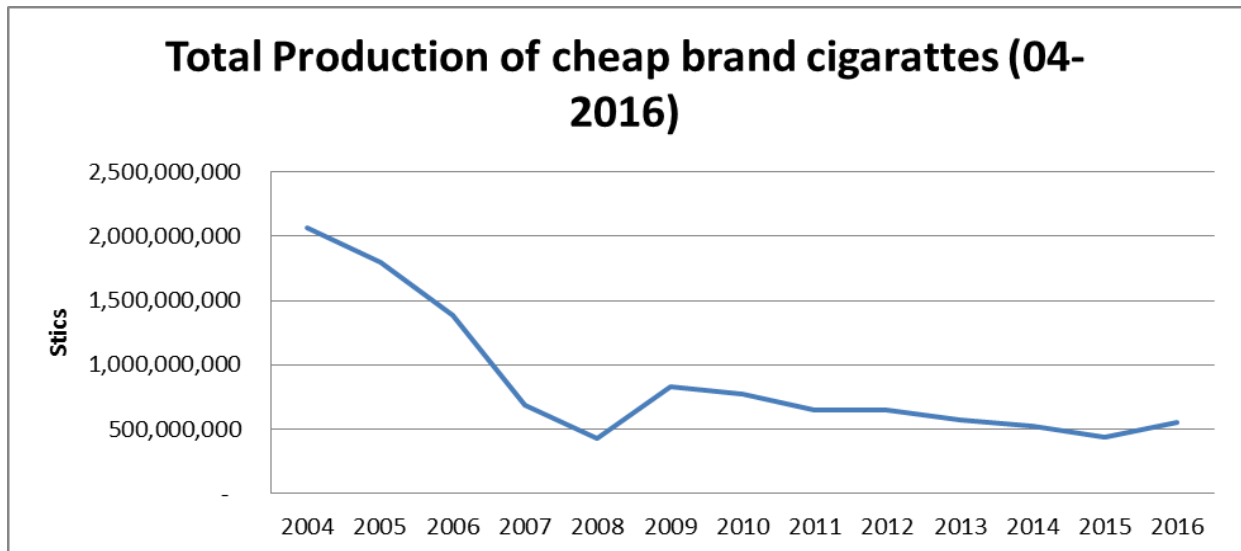


If, as these companies suggest, the beedi consumption has been increased due to increase of cigarette prices, it is also arguable that the cigarette consumer would first turn towards lower priced cigarette alternatives as opposed to beedi. However, such a tendency is undetected in analyzing data of the last 20 years. Therefore, it can be surmised that price is not a compelling factor in consumers of cigarettes.

If, as these companies suggest, the price is a compelling factor, there was scope for the manufacture of lower priced cigarettes. With the recent tax hike, price of brand of Capstan cigarette was not increased, allowing consumers to continue purchase of same. Therefore, the

argument brought forward that the price increase increases beedi or cheaper ci cigarettes consumption can be rejected as null and void.

The production of low cost cigarette for last 12 years 2004-2016



2. In addition to increased circulation of beedi, it is evident that an attempt at misleading controlling policies with regard to cigarettes is being made via the claim of increased contraband cigarettes in the market. However these instances are unnecessarily and unduly highlighted by the cigarette companies in order to mislead governing bodies. It has also been uncovered at various instances that the aforementioned contraband can be traced back to the selfsame cigarette companies.

3. Another such incorrect notion that is being widespread is that the government is losing excise revenue due to the decreased consumption of cigarettes.

While pointing toward the loss herein, the company fails to acknowledge the gains in revenue to the government through the newly introduced taxes (VAT). Despite decrying the control price as leading towards loss of revenue and jobs, the increase of a unit price from Rs.48.30 to Rs. 50 toward the companies' interest in profiting and nothing less.

As a government, it is unnecessary for the Sri Lankan government to uphold the cigarette industry and provide it with benefits as of any other singular industry. Even the World Bank has recommended that developing countries should not encourage cigarette industries in any way. An economy that is dependent on cigarettes and liquor will not be in any way a sustainable one.

Media Discussion on "Exposing the false statements Disseminated by Tobacco Industry"  
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