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**PRESS RELEASE**

**Will the candidates who win the upcoming General Election collect the tax revenue that is given away to the British American Tobacco company?**

The COVID-19 pandemic has deepened the existing economic crisis of Sri Lanka. Main factors leading to the deepening of the economic crisis, include the obstacles posed by the pandemic on domestic production, decreased export revenue, decreased revenue through the tourism industry and Sri Lankan expatriate workers.

While our country faces such a grave economic crisis, the Sri Lankan government has been losing billions of rupees over several years which could have been incurred as tobacco tax revenue due to the irrational tobacco tax policy of the government.

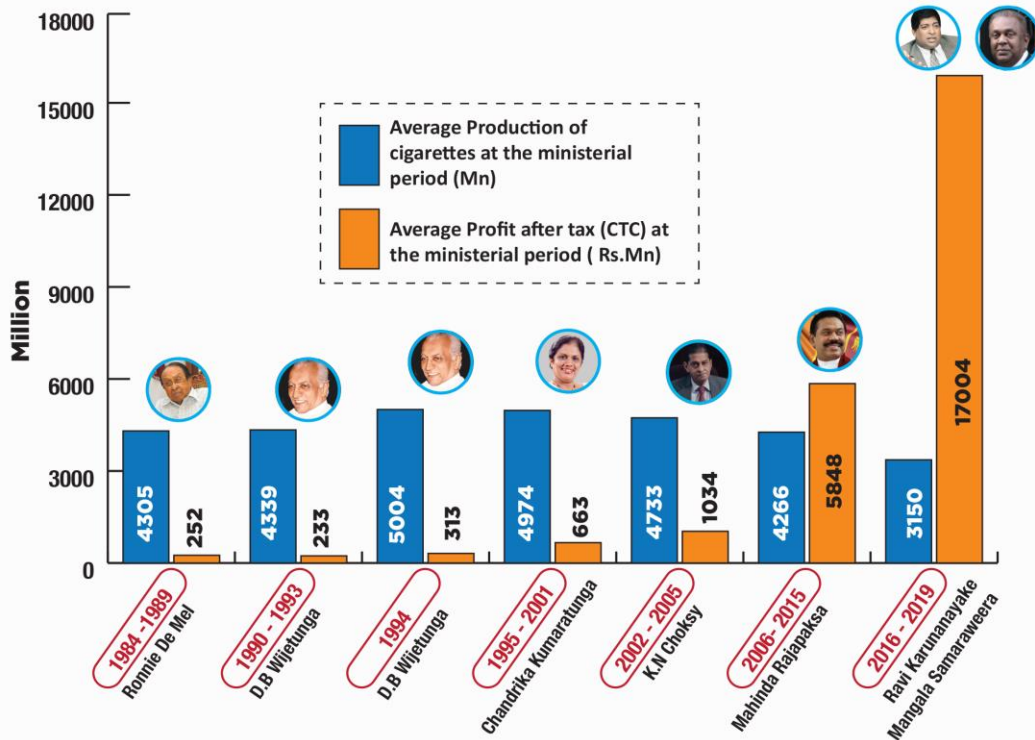
The government lost approximately Rs. 100 billion over the past five years due to the existing irrational tobacco tax policy. The government spent Rs. 100 billion to build the Southern Expressway, Rs. 39 billion to build the Airport Expressway and Rs. 91 billion for the Moragahakanda project. If Sri Lanka had a rational tobacco tax policy the government would have been able to complete these projects without obtaining loans from other countries. Instead, Sri Lanka has lost a massive amount of money which could have been collected as tobacco tax revenue. This is due to tobacco pricing and taxation policies which favor British American Tobacco company. It is unfortunate that this irrational tobacco tax policy has not been corrected under several governments in the past few years.

The tobacco industry in Sri Lanka is a monopoly. Therefore, the government has effectively controlled tobacco price and tax percentage until the year 2005. The tobacco monopoly in Sri Lanka is held by British American Tobacco (BAT) appearing as the Ceylon Tobacco Company (CTC). BAT owns 84.13% shares of CTC.

The below graph shows the massive increase in profits of the British American Tobacco company due to the irrational tobacco tax policies of several governments across the past few years. Considering that tobacco consumption is reducing in Sri Lanka it is illogical for the tobacco company to have such a massive profit increase. This money gained as profit by the tobacco company is what should rightfully be claimed as tax revenue by the Sri Lankan government.

## Profit & Production of Ceylon Tobacco Company (CTC)\* under different Finance Ministers

\*Subsidiary of British American Tobacco (BAT)



As Sri Lanka does not have a rational tobacco tax policy British and American companies are getting rich at the cost of Sri Lankans. A massive amount of money which could have been collected as tobacco tax revenue for the Sri Lankan government is being freely given away to British and American companies.

We must question why Sri Lanka does not have a rational tobacco tax policy. Is it because of incompetency of politicians or because the Ministry of Finance is turning a blind eye? The Central Bank of Sri Lanka and the Treasury cannot escape the responsibility of losing this much of government revenue.

A government elected by the people must implement economic policies which are beneficial to the country and prevent draining of domestic resources by foreign multinationals and corporate entities.

In terms of the irrational tobacco tax policy, it is apparent that the officers and politicians of the Ministry of Finance who are dependent on public money have neglected their main duties to the people of this country.

It is crucial for current General Election candidates to establish their stance on this issue as there are a significant portion of votes which are decided upon solutions to this type of problems.

The Alcohol and Drug Information Centre.