

# TOBACCO CONTROL

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## Editorials

### Smoking in China: "the limits of space"

"Thinking about Chinese smoking statistics is like trying to think about the limits of space." *Robert Fletcher, Rothman's regional public affairs manager.*<sup>1</sup>

"No discussion of the tobacco industry in the year 2000 would be complete without addressing what may be the most important feature on the landscape, the China market. In every respect, China confounds the imagination." *Rene Scull, vice president, Philip Morris Asia.*<sup>2</sup>

China excites and confounds the imagination of both the tobacco industry and tobacco control advocates. One in three cigarettes smoked in the world today are smoked in China.<sup>3</sup> China is the largest producer and the largest consumer of tobacco in the world, consuming four times as much as the next largest consumer, the United States.<sup>3</sup>

#### Smoking prevalence

The 1984 First National Prevalence Survey conducted by Weng *et al* on 519 600 people reported that 33.9% of the population (61% of males and 7% of females) aged 15 years and over were current smokers.<sup>4</sup> This represented about 300 million smokers, more than the entire population of the United States. Data from recent surveys will be released at the 10th World Conference on Tobacco or Health, to be held in Beijing on 24-28 August 1997. Preliminary data show a reduction in smoking among middle-aged men and women, but an increase in smoking among young males and females.

#### Health effects

The health consequences of smoking are already evident. The most common causes of death in China are now tobacco-related heart disease, cancer, stroke and respiratory diseases.<sup>5</sup> But as the Chinese population has not been smoking as heavily and for as long as the populations in the West, smoking-attributable mortality will not peak until well into the next century. Peto predicts that the current 100 000 annual deaths from lung cancer will rise to 900 000 by the year 2025 when there will be between 2 million and 3.2 million annual deaths attributable to smoking in China.<sup>6-8</sup>

Smoking also affects large numbers of non-smokers in China. The 1984 survey reported that 40% of non-smokers interviewed were "passive smokers", defined as passively inhaling tobacco smoke for more than 15 minutes each day.<sup>4</sup> As in Western countries, Chinese children have been shown to be affected by their parents' smoking.<sup>9,10</sup>

#### The tobacco industry

The government monopoly, the China National Tobacco Corporation (CNTC), dominates the market. Traditionally, the Chinese government highly valued its tobacco industry. In the 1980s, the vice president of the CNTC said that "because the tobacco industry generated so much revenue, its development received a great deal of attention

from all tiers of government and was given special consideration when it came to investment and the use of foreign exchange."<sup>11</sup> He also welcomed the involvement of the foreign tobacco companies with the words, "The door of China is open to you all"<sup>12</sup>; words he may soon have cause to regret as the transnational tobacco companies rapidly penetrate China.

Already there are several joint ventures, for example, with RJ Reynolds in Xiamen (established in 1988) and with Rothmans in Jinan, Shandong Province (1992). In 1993 Philip Morris signed a multifaceted Cooperation Agreement, under which the two companies will "work together to produce and sell Marlboro cigarettes for the Chinese market as well as develop and produce other brands for both domestic and export sales. The Agreement represents an unprecedented level of cooperation and sharing of resources, including technology, people and blending techniques."<sup>13</sup>

China has not escaped the threat of unilateral trade sanctions related to tobacco. After a year-long investigation under Section 301 of the US Trade Act of 1974, and after the US formally threatened retaliatory tariffs on the US\$3.9 billion worth of Chinese exports, China signed a Memorandum of Understanding with the United States in October 1992. This agreement required China to lift all import licensing requirements for cigarettes, cigars, smoking tobacco, and cigarette filters by 31 December 1994; and to lift all "scientifically unjustifiable phytosanitary restrictions on tobacco". "Phytosanitary" means related to health, but is a curious term of uncertain intent.

In contrast to the national monopoly that undertakes virtually no promotion, Marlboro is reported to be the biggest television and print media advertiser in China, with a budget of US\$5.2 million in 1994.<sup>14</sup> This may seem modest, but the figure does not include outdoor and other direct advertising; direct advertising is now being replaced by indirect advertising and sponsorship, and advertising expenditure goes much further in developing countries.

#### Economic impact of tobacco

In 1996, China collected more than US\$10 billion in tobacco taxes,<sup>15</sup> and tobacco is the largest industrial tax source.<sup>16</sup>

As Hu points out in this issue of *Tobacco Control*, cigarettes in China are inexpensive; legally imported foreign cigarettes sell just above US\$1 per packet of 20, and many local cigarettes are sold at a much lower price.

Cheap smuggled cigarettes also undermine government efforts to reduce smoking among the young; the Chinese government estimates that it currently loses US\$1.8 billion in revenue annually from rampant cigarette smuggling,<sup>3 17</sup> mostly via Hong Kong.

There has not, to date, been any use of tobacco tax to fund health promotion, sports, and the arts, despite considerable support for this idea from the Ministry of Public Health and the Chinese Association on Smoking and Health. There is concern among some officials that raising tobacco tax would lead to reduced government revenue and also bring hardship to poor smokers.

Economic studies are therefore of great importance, to illustrate to government that smoking brings not only health problems but also financial hardship to the poor. Research carried out in the outskirts of Shanghai showed that farmers spend more on cigarettes and wine than on grains, pork, and fruits.<sup>18</sup> Another study on 2716 households in Minhang District showed that smokers spent an average of 60% of their personal income and 17% of household income on cigarettes.<sup>19</sup>

Global information, as contained in Hu's paper, is vital to reassure officials that raising tobacco taxes leads to a rise, not a drop, in tobacco tax revenue. Studies showing the economic debit of tobacco to China's national economy<sup>20 21</sup> should have great influence—for example, the analysis showing that China gained about US\$4 billion in tobacco tax revenue in 1989, but tobacco-attributable health costs were estimated at US\$5 billion.<sup>22</sup>

No comprehensive economic study has yet been undertaken, which would include the full costs of medical and health care, premature death, lost productivity, the "loss" of 2% of arable land currently used to grow tobacco which could otherwise grow nutritious crops, loss of foreign exchange for imported cigarettes, and the costs of fires and cleaning up smokers' litter. But economic and tax arguments remain a crucial partner to the health arguments in influencing government policy.

### Tobacco control

Article 21 of the Constitution of China asserts that the state "promotes public health activities of a mass character, all to protect the people's health," thus enshrining government responsibility to reduce the tobacco epidemic. But, like most other governments, China is caught between the historical acceptance and tax benefits of tobacco, and the recognition of its responsibility to the health of its people.

Tobacco control measures began tentatively in 1979 and accelerated from 1987. The Chinese Association on Smoking and Health (CASH) was established in 1990 as the central, coordinating organisation on tobacco control, and provincial associations have already been established in more than half the provinces; annual national symposia have been held on tobacco control policy, cessation, passive smoking, the use of the media, health personnel, and youth; no cigarettes are allowed to be sold throughout China on World No-Tobacco Day; a 1994 advertising law bans tobacco advertising in the electronic and print media; tobacco smoking has been banned in many public places and from May 1997 on railway carriages, taxis, buses, subways, at airports, and train stations, and on all flights on China's airlines.<sup>8</sup>

Yet, the CASH office has a staff of only four fulltime, paid persons. Tobacco control is not a high priority in some provinces, and lack of resources is causing delay in others.

China's successful bid to host the 1997 World Conference on Tobacco or Health has given considerable impetus to tobacco control. Since the awarding of the conference to China was revealed in 1994, several new meas-

ures have been announced—for example, that 300 cities will have regulations banning smoking in public places by the end of 1997.<sup>23</sup>

### The future

Although tobacco control activities have taken place with unprecedented speed within the last decade, there is no room for complacency, for the following reasons.

- Of all the children and young people under the age of 20 years alive today in China, 200 million will become smokers, and 50 million of these will eventually die prematurely because of tobacco use.<sup>6</sup>
  - Even if smoking prevalence remains unchanged, the absolute number of smokers will rise as the population increases from 1.2 billion to 1.5 billion by the year 2025.<sup>24</sup>
  - As disposable income further increases with economic development, cigarettes will become even more affordable.
  - Smoking among the young will increase, with more girls starting to smoke.
  - Smoking prevalence among male doctors (currently 57%<sup>4</sup>) will only gradually decrease, so that doctors who currently smoke will continue to set a bad example to their patients.
  - Smoking will become a behaviour of the poor; few of China's current top leaders now smoke.
  - While most smokers will know in general terms that smoking is bad for their health, it will remain hard to convince the entire population of the magnitude of the health risks.
  - There will be difficulties in implementing legislation, especially in rural areas.
  - The transnational tobacco companies will strengthen their grip on China, bringing opposition to tobacco control measures, and sophisticated cigarette marketing and promotion; foreign cigarettes will increasingly become extremely fashionable among the young.
  - Cigarette smuggling will increase, necessitating substantially increased vigilance, detection, and prosecution.
  - China is gearing up to become a major exporter of tobacco on the world scene<sup>25</sup>; in 1995, export revenue was US\$600 million,<sup>26</sup> an astronomical increase from a negligible amount in 1980.
  - Unless a designated tobacco tax is introduced, there will be lack of appropriate resources for tobacco control.
- Like other developing countries,<sup>27</sup> as China undergoes further and rapid sociopolitical change, comprehensive tobacco prevention programmes, including tax policies, are needed to ensure that impressive gains made in reducing infectious diseases are not eclipsed by the health and financial costs of increasing smoking-attributable disease.

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The Washington Post ran this photo of a man in Tianamen Square in an article entitled "Vast China market key to smoking disputes" (last in a four-part series on "Big Tobacco's global reach"), 20 November 1996.