

# Opinion advertisement by Philip Morris Japan on the tobacco tax imposed on heated tobacco products

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Accepted 13 March 2024 Published Online First 27 March 2024 Philip Morris Japan (PMJ), a subsidiary of Philip Morris International (PMI), has been active in politics through opinion advertisements<sup>1–3</sup> and press seminars<sup>4</sup> with the goal of achieving a lower tobacco tax on heated tobacco products (HTPs) than that on conventional cigarettes. These advertisements were designed to shape and influence public opinion through media, as they did before.<sup>5</sup> The strategy appears to involve engaging their own stakeholders, such as tobacco retailers<sup>6</sup> and to further promote harm reduction and user-friendly activities to HTP users.

In response to the worsening security environment surrounding Japan, defence capabilities are to be radically strengthened within 5 years.<sup>7</sup> Although spending reforms and the use of financial surpluses will be made, these will not be sufficient, and tobacco tax will be raised to strengthen defence capabilities.<sup>8</sup> Prime Minister Kishida stated that the increase, equivalent to  $\frac{1}{3}$  (US\$0.02) per cigarette, will be implemented in stages and is projected to start at an appropriate time after 2024.<sup>9</sup>

On 16 November, PMJ placed full-page advertisements in the big three major nationwide newspapers: Yomiuri Shimbun,<sup>1</sup> Asahi Shimbun<sup>2</sup> and Nikkei Shimbun (figure 1).<sup>3</sup> The advertisement claims that PMJ believes that the tax increase on HTPs should be a well-thought-out policy decision, taking into account the views of users, tobacco distributors and other business operators. In Japan, newspapers are delivered door to door at a fixed time each day, and the combined circulation of these three newspapers reached 12.3 M, which is greater than one-fourth of the 54 M total households in Japan.<sup>10</sup> On the same day, the company also held a seminar for the media with panellists, including a consumer economy analyst, restaurant producer and tobacco store owner, who discussed the current situation of retailers and restaurants. The government was urged to carefully consider the impacts of tobacco control measures on retailers, such as tax increases and on restaurant owners who have to invest in designated smoking room facilities (figure 2).<sup>4</sup>

When HTPs were introduced in Japan, the tax amount was 10%–70% of that of conventional cigarettes due to the small amount of tobacco leaves used.<sup>11</sup> That was raised to 70%–90% after a tax raise during 2018–2022.<sup>11</sup> HTPs accounted for 37% of the total tobacco sales from April to June 2023.<sup>12</sup> PMI's IQOS dominated the HTP market with a 70% share.<sup>13</sup> Therefore, for PMI, the lower the tax rate on HTPs and the greater the difference in taxation between HTPs and cigarettes,



# Translation

Opinion advertisement

Increasing taxes on heated cigarettes could have a significant impact on society.

In discussing defense tax hikes, a proposal to subject heated cigarettes to the same tax burden as that for cigarettes was being considered.

Potential impacts on users of heated cigarettes If the tax on heated cigarettes was set to the same amount as that for paper cigarettes, the tax per cigarette could be increased by up to 100 yen.

#### Potential impact on tobacco retailers

Cigarette stores submitted approximately 9,500 letters of request to the Ministry of Health, Labour and Welfare, expressing concern that the tax increase on the growing heated cigarettes market could lead to a loss of business for the company.

# Potential impact on food, beverage, and lodging facilities

Many food, beverage, and lodging establishments have invested in creating environments that anticipate the smoking of heated cigarettes to improve customer satisfaction, and approximately 8,000 establishments are concerned about its potential impact on their businesses.

Philip Morris Japan hopes that the decision to increase taxes on heated cigarettes will be made carefully after further exchanges of opinions to reflect the voices of consumers, tobacco retailers, and establishments involved in food, beverages, and lodging.

**Figure 1** Opinion advertisement by Philip Morris Japan in 16 November issue of nationwide newspapers.

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in Tokyo on 16 November. The panelists' speeches were given by a

consumer economy analyst (left), a restaurant producer (centre) and a

the greater the benefit for the company. In December 2023, the

government and the ruling party began considering raising the

ments are potentially kinds of lobbying campaigns that lead to

policy interference and propagate tobacco companies' claims.

The WHO Framework Convention on Tobacco Control (WHO

FCTC) recognises HTPs as tobacco products, and in accordance

with Articles 5.3, 6 and 13 and these guidelines, Japan and other

Parties of the WHO FCTC should act to denormalise opinion

This raises concerns that tobacco majors' opinion advertise-

tobacco tax on HTPs to the same level as that on cigarettes.<sup>1</sup>

tobacco store owner (right). The screen displays the theme: 'changes

and impact of the emergence of heated tobacco products."