

ILLEGAL SMOKES TAKING BITE OUT OF BIG TOBACCO PROFITS

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Nearly one in four cigarettes smoked in Ontario and Quebec is illegal, according to a new study by Canada's largest tobacco company.

Illicit cigarettes make up 23.5 per cent of sales in Ontario and 22 per cent of sales in Quebec and are costing federal and provincial governments \$1.5 billion dollars a year in lost taxes, the survey of 2,300 adult smokers across Canada commissioned by Imperial Tobacco found.

The illicit sales in Ontario and Quebec are fuelled by high tax prices and a failure of both levels of government to enforce laws related to cigarette manufacturing and taxation, said Imperial Tobacco president and CEO Benjamin Kemball Saturday.

According to Imperial Tobacco's estimates, 75 per cent of the decline in legal sales has been transferred to the illicit market, Kemball said.

His company estimates the current average annual decline in tobacco use is only two per cent a year, considerably lower than the 18 per cent reduction equivalent to 2.6 billion cigarettes recently announced by Health Canada and the Ontario government.

But Ontario Minister of Health Promotion Jim Watson disputed the tobacco company's findings.