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Health Ministry Seeks Tobacco Price Hike

By The Moscow Times

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Cigarette prices could jump 400 percent under proposals drawn up by the Health and Social Development Ministry in an effort to deter smokers.

The Health and Social Development Ministry has submitted proposals to the government to nearly triple excise taxes on cigarettes from the current 360 rubles ($12) to 1,040 rubles ($34) per thousand sticks next year, Forbes Russia reported Tuesday.

That would be the first in a series of tax hikes that would see cigarette excise rising to 4,000 rubles by 2015, a 1,000 percent increase in just three years.

If adopted, the proposals would see a minimum of 78 rubles in excise tax per pack, potentially more than quadrupling end-user prices.

The proposals go beyond a bill approved Monday by the State Duma's Budget and Taxes

Committee to raise excise on cigarettes to 1,250 rubles per thousand by 2015.

The Health and Social Development Ministry believes the price hike will cut demand for tobacco products by 27 percent.

The World Health Organization estimates that about 39 percent of Russian adults are habitual smokers. Tobacco-related disease kills 350,000 to 400,000 people in the country each year.

Health officials have been pushing a range of anti-smoking measures in a bid to curb the country's extremely high addiction rates, including a potential ban on smoking in public places similar to regimes in the United Kingdom and parts of the United States.

Several measures, including banning kiosks and other small trade outlets from selling tobacco, have been criticized for potentially damaging small businesses.

Major tobacco companies, including British American Tobacco and Phillip Morris, have argued that excessive regulation could boost demand for bootleg tobacco from China, Belarus and Kazakhstan.

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