

South Korea to hike cigarette price by 80%

September 11 2014

South Korea on Thursday proposed a steep 80 percent hike in cigarette prices to cut consumption in a nation with one of the world's highest male smoking rates.

The decision requires parliamentary approval, but Health Minister Moon Hyung-Pyo said it was necessary to counter what has become the "biggest threat to national health".

The proposal would see the average price of a packet of cigarettes rise from 2,500 won (\$2.42) to 4,500 won from January 1 next year.

Moon said his ministry predicted the increase would help cut tobacco consumption by 34 percent and raise annual tax revenues by 2.8 trillion won.

Around 44 percent of adult South Korean men are smokers, the highest rate among member countries of the Organisation for Economic Cooperation and Development ahead of Turkey, Greece, Estonia and Japan.

The government has taken a series of measures in recent years to bring down the rate, including a ban on smoking in public places.

As well as the price hike announced Thursday, Moon said tobacco packaging would have to include pictures of the harm caused by smoking, while tobacco ads would be banned in retail stores.

"We hope our comprehensive anti-smoking measures will lead to a considerable cut in smoking and social spending on health," Moon said.

The Korean Smoking Association has opposed the increase, accusing the government of scapegoating smokers to raise tax revenues and offset rising welfare costs.

The government has promised to spend 316 trillion won between now and 2018 on social welfare.

Deceitful scheme?

Anti-smoking groups had called for the major price increase, but parliamentary approval is not guaranteed.

Some ruling-party politicians have voiced fears that such a steep rise might fuel an electoral backlash, while the main opposition grouping opposed the move outright.

"This is a deceitful scheme to fill a shortfall in tax revenues by emptying the pockets of those in the low income bracket," the New Politics Alliance for Democracy said in a statement.

Smoking and its impact on public health in South Korea has become a topic of heated public debate and litigation in recent years.

In April, the Supreme Court rejected a damages suit filed by 30 lung cancer patients against KT&G, which controls more than 60 percent of a tobacco market estimated at more than \$9.0 billion.

State health insurers immediately filed a separate lawsuit against three domestic and foreign tobacco makers, seeking damages of 53.7 billion won for payouts over smoking-related illnesses.

They claimed to have spent about 1.7 trillion won each year to help treat diseases caused by smoking.

Neighbouring Japan has had some success in bringing down a smoking rate that peaked at 49.4 percent of the population in 1966, when a record 83.7 percent of adult men smoked.

A survey published in July showed the national rate had dropped below 20 percent for the first time, with 30.3 percent of adult men and 9.8 percent of adult women smoking.

The survey was conducted a month after Tokyo raised sales taxes for the first time in 17 years, pushing up the price of cigarettes, alcohol and other consumer goods.

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