

# China abolishes tobacco price controls: govt

January 5 2015

---

China has abolished price controls on tobacco leaf, the last agricultural product to have limits, the country's top economic planner said as authorities seek to give the market a greater economic role.

But tobacco leaf prices are only a small factor in the cost of cigarettes—a state monopoly in China—so the move is unlikely to have a significant effect on smokers.

China is the world's biggest cigarette market and government efforts to curb smoking have only had limited impact.

Tobacco was among 24 commodities and services whose cost controls were removed, the National Development and Reform Commission (NDRC) said at the weekend, with others including railway bulk cargo, parcels, passenger transport and explosives for civilian use.

The move comes more than a year after Communist Party leaders pledged to give the market a "decisive" role in resource allocation at a key meeting known as the Third Plenum.

China's economy stagnated under decades of state control, but reforms brought in starting under Deng Xiaoping have seen it enjoy an unprecedented boom.

State-owned China Tobacco Company retains its monopoly on cigarette production but the tobacco price will be determined according to "industrial supply and demand and company costs and profits", the

NDRC said in a statement.

China produces about 2.5 million tonnes of tobacco a year, the state-run China Daily quoted NDRC official Wang Shengmin as saying on Monday.

"Leaf tobacco only accounts for a very small portion of China's agricultural market, and the relaxation won't cause much fluctuation of cigarette prices, as the cost of [tobacco](#) leaves usually accounts for about 5 to 10 percent of the final product," he said.

Beijing city authorities have passed anti-smoking legislation set to take effect in June as the government seeks to curb the habit among the country's 300 million smokers.

But experts point to the state monopoly on cigarettes, which accounts for nearly a tenth of national government revenue, as one of the biggest obstacles to anti-smoking efforts.

Tobacco kills more than a million people each year in China, where some brands can be purchased for as little as three yuan (\$0.49). Chinese and foreign experts say the number of smoking deaths could triple by 2030.

© 2015 AFP

Citation: China abolishes tobacco price controls: govt (2015, January 5) retrieved 24 April 2024 from <https://medicalxpress.com/news/2015-01-china-abolishes-tobacco-price-govt.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.