

# The Hungarian Tobacco Blitz #I.



# The Hungarian Tobacco Blitz #I.



# A little heritage...



- Two of my grandparents and one of my six aunts and uncles died in TB
- TB we called Morbus Hungaricus
- My parents' generation eliminated it...
- The new Morbus Hungaricus is lung cancer
- Now it was my generation's term... If I had one chance... I knew I had only one chance...

# A little heritage...



Two of the grandparents and one of my two aunts  
and another aunt.  
The one in the middle is my mother.  
The one on the right is my grandmother.  
The one on the left is my grandfather.  
I don't know the names of the other two.  
I don't know the names of the other two.

# The Blitz Milestones

Dr. Tamás Heintz --->>

DESZ



Előzetes  
MAGYARORSZÁG MEGÚJUL

Reflexiók

Qualität und Akzeptanz



Erősség  
MAGYARORSZÁG MEGÚJUL

Reguláció

Reguláció

# Milestones

- **8 m to D-Day:** Government mandate starts: 31.05.2010.
- **D-Day: Parliamentary retreat : 09.02.2011.**
- **+4 Days:** draft on legal check up: 13.02.2011.
- **+13 Days:** Government clears draft : 22.02.2011.
- **+16 Days:** Announcement at a press conference, draft goes to Parliament: 25.02.2011. 17 MPs sign (16+1),
- **+19 Days:** Internal debate in Parliamentary Fraction
- **+20 Days:** General debate in Parliament closed, support ensured
- **+27 Days:** Public duel with CD 8-9.03.2011.
- **+35 Days:** 2011.03.16. Detailed debate closed, support ensured, urgency vote fails by a small margin (75% needed), 1.5 month break
- **+76 Days: final vote on 26 April 2011, with 84,1 % majority (271y; 37n; 14a)**

# Reflection

## Prime Minister Orbán's commitment had critical importance

- Centralised governance, 2/3 parliamentary majority

## Internal team

- Small, experienced, enthusiastic, committed for the cause
- Loyal and able conspirators, no info leak on advanced preparations
- National Chief Medical Officer had a chain smoker husband

## Fraction:

- Divided and uncertain between values and political interests
- Hospitality sector supporters (tourism, restaurants) -Local pub sector and local public opinion
- However, they were willing to believe as positive PR impact unfolded
- Parliament President Kövér made an unexpected personal intervention & response - finishing the escalating debate
- Contingency: terraces, already existing cigar rooms

## Internally more organised, but improvised and abruptive lobbying

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## **Lobby group infiltration of state administration - based on economic crisis intimidation**

- Deepest period of world economic crisis

## **National Tax and Customs Administration of Hungary (NTCA- NAV)**

- Decreased tax revenue (excise tax, VAT) - chain smoking president
  - Economic burden of disease (more cost)

## **Ministry for National Economy**

- Potential loss of jobs (hospitality sectors - restaurants, tourism)
  - 30.000 vs 3.000 workers
  - Seasonal jobs
- Potential increase of budget deficit (sharp line of 3% - sovereignty at stake)
  - Workers in the hospitality sector - sick leave, disablement

## **Ministry of Agriculture**

- Agricultural job loss
  - 30.000 vs 3.000 workers - artificial employment for lobby purposes
  - Need for more sophisticated, added value jobs anyway
- National tobacco type vs. foreign - will have importance at EU non-smoking directive
- Reduced Income: Hospitality & Tourism sector
  - UK and Ireland example: Initial reduction followed by economic growth

# Opinions and Acceptance

- **Vote maximising behaviour from all opposition parties (socialist, far right, environmentalists)**
  - Personal liberty and anti discrimination arguments (even from far right)
  - Demand for negotiation, playing for time (far right)
  - E Cigarette emerged (far right)
  - Long travels, trains, airports, local hospitality sector reasoning
  - Industry lobbying had limited visibility among opposition
    - contingency: terraces, already existing cigar rooms
- **84,1% victory(271y; 37n; 14a)(3 non, 2a, 1n);60% of smokers supported the bill**

**Tobacco Industry**  
- Against "Silver Cigarettes"  
- Relatively fast capitulation; the bill & the parliament  
shortcut caught them in their sleep  
- Atlantic Wall vs. Normandy  
**War back**  
- Opening press conference  
- Interspersed local press and public support made their PR  
efforts surprisingly effective - accusations  
- Counter intuitive effects of internal dust with CD

## **Tobacco Industry**

- Airport "Smoke-chambers"
- Relatively fast capitulation: the blitz & the parliament shortcut caught them in their sleep
- Atlantic Wall vs. Normandy

## **War luck**

- Opening press conference
- Unexpectedly vocal press and public support made slim PR efforts surprisingly effective - accusations
- Counter intuitive effects of internal duel with CD

# The Blitz Milestones

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MAGYARORSZÁG MEGÚJUL

<b>Milestone</b>	<b>Reflection</b>	<b>Cynicism and Acceptance</b>
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MAGYARORSZÁG MEGÚJUL

<b>Stagnation</b>	<b>Regulation</b>
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# Burdens

## EU

- Smoking is the biggest avoidable health risk in the European Union
- 94 % of smokers start smoking before 25 years of age
- 50 % of smokers die too early, 14 years earlier than non-smokers, as an average
- Annual public health expenditure spent on the treatment of the six main smoking related diseases is estimated around 25,3 billion EUR
- Years lost due to smoking make up 517 billion EUR each year

## HUNGARY

- In 2010, 20.470 deaths could be attributed to smoking, accounting for 1/6 (16%) of total mortality, leading charts of lung cancer mortality in Europe
- SHS caused cca 2.500 - 3.000 deaths so some 23.000 people died of smoking that year
- For males, nearly 1/4 (23%) while for females nearly 1/10 (9%) of mortality could be related to smoking
- As an average, smoker males shortened their life with at least 16,
- while smoker females with at least 19 years
- 2/3 of the loss was observed in the economically most active period of life, between the ages of 35 and 65



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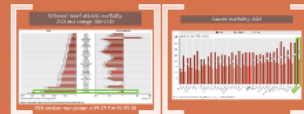
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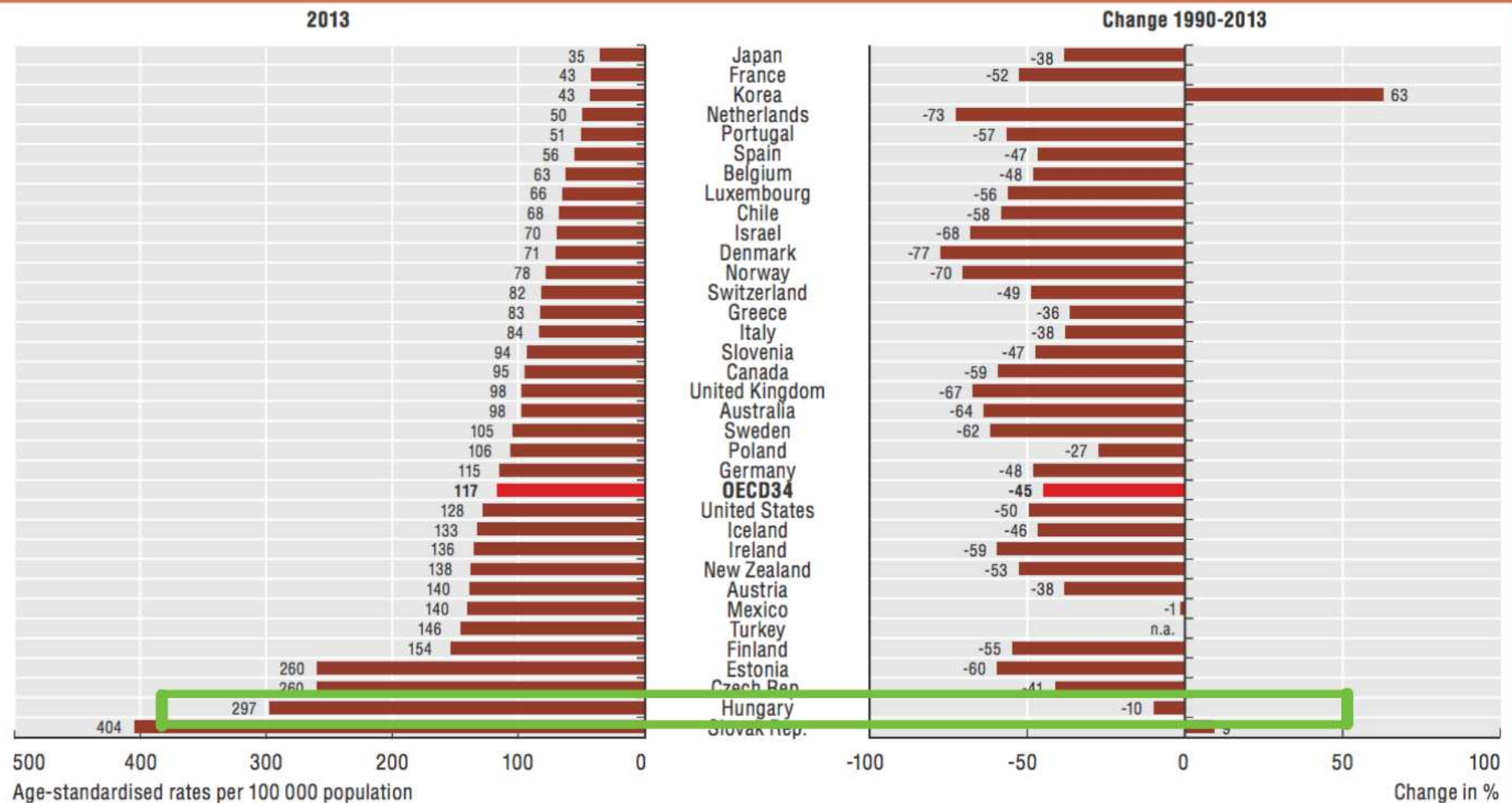
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# Ischemic heart disease mortality, 2013 and change 1990-2013

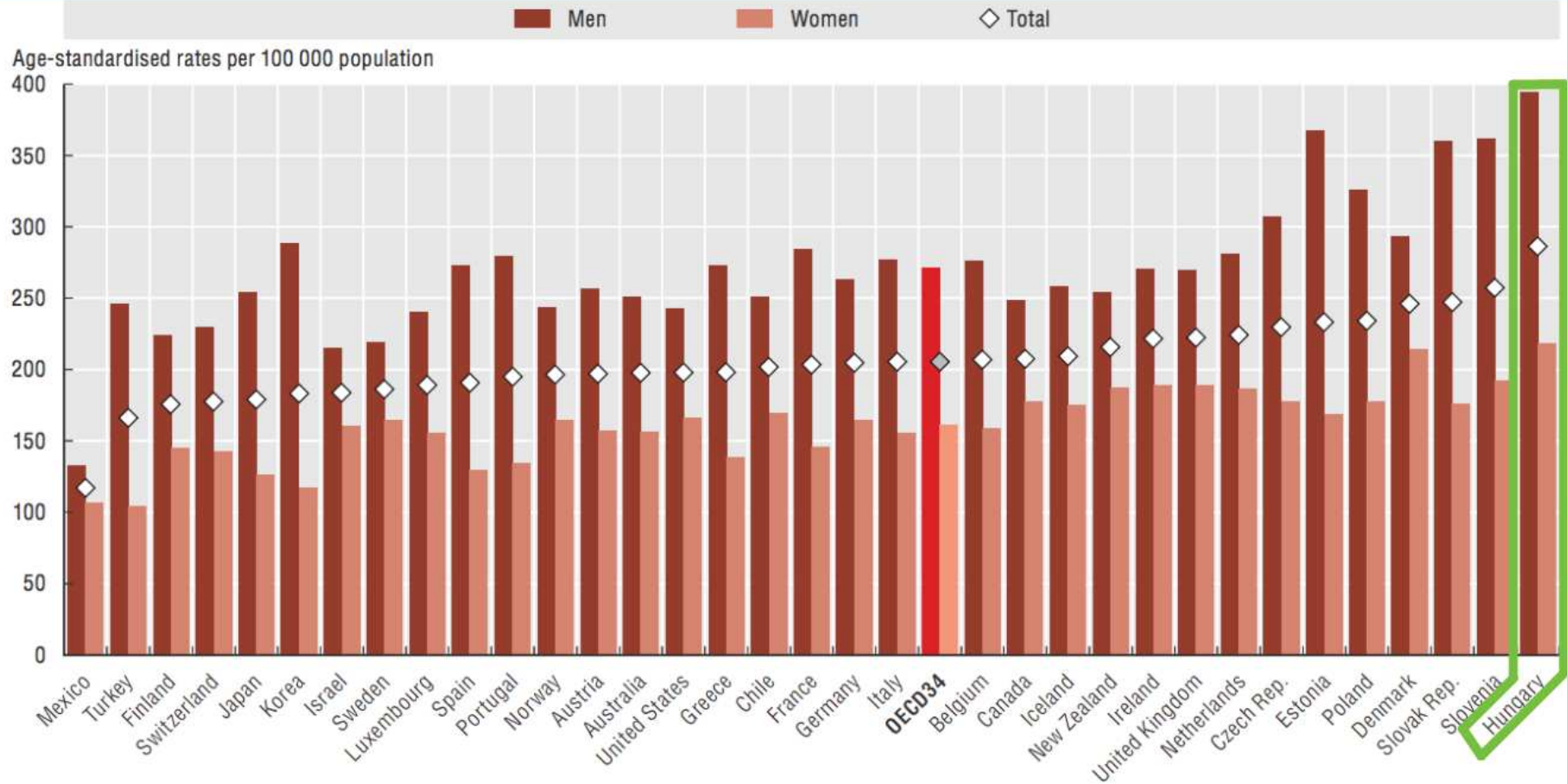


Source: OECD Health Statistics 2015, <http://dx.doi.org/10.1787/health-data-en>.

29% smokes - age groups: w 29-27-7 m 42-35-18



# Cancer mortality, 2013



Source: OECD Health Statistics 2015, <http://dx.doi.org/10.1787/health-data-en>.

# Regulation

- As of 1 January 2012, as a general rule, there is a total ban on smoking in all enclosed public places (workplace, restaurant, schools, hospitals, bus stops, railway stations, sports facilities etc. with the exception of prisons, closed psychiatric wards and certain chemical plants
  - Ireland (2004), Great Britain (2006; 2007), Cyprus (2010), Spain (2011)
  - FCTC Article 8 – Protection from exposure to tobacco smoke
- **Between 1 January-31 March 2012 a tolerance period was offered - no penalties just warning period**
- As of 1 January 2013, the compulsory use of combined pictorial health warnings on packaging of tobacco products has been introduced
  - (FCTC Article 11 – Packaging and labeling of tobacco products)
- **Strict regulation on the retail sales of tobacco products has been introduced**
  - **There are some 6.045 licensed retailers all over the country, reduced from 40.000**
  - (FCTC Article 16 – Sales to and by minors)
- **Hungary received the World No Tobacco Day Award of the WHO in 2013, in appreciation of its efforts to fight the tobacco epidemic!**

# The Blitz Milestones

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MAGYARORSZÁG MEGÚJUL

<b>Milestones</b>	<b>Reflection</b>	<b>Cynicism and Acceptance</b>
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MAGYARORSZÁG MEGÚJUL

<b>Stagnation</b>	<b>Regulation</b>
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# Folklore vs Fact

Intimidation vs Reality

2011  
vs.  
2013-14

2011  
2011  
vs.  
2012: „The majority of smokers supports ban“  
2014: March „Final plea for Hungarian ban“

Consumption



Réka Says NO!

Tobacco Control Scale

Hungary is the country which made the greatest progress.  
(2010 ranking: 27 vs. 2013 ranking: 12)

Hungary reduced and banned tobacco retailers, introduced comprehensive smoke-free legislation, pictorial health warnings and a Big Day ban.

Réka says NO!



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# Intimidation vs Reality

2011

"Top and retirement will benefit more."

"I'm not sure if you're going to be able to get the same kind of return on your investments as you did in the past."

"I'm not sure if you're going to be able to get the same kind of return on your investments as you did in the past."

vs.

2013-14

"The majority of mothers support her."

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"The majority of mothers support her."

# Intimidation v

VS.

2011

"WHEN WOLVES WORRY ABOUT SHEEP'S HEALTH STATUS," TOBACCO INDUSTRY WORRIED FOR TAX REVENUES

*"Bars and restaurants will bankrupt soon"*

"The turnover of hospitality units might decrease by 21%



"The turnover of hospitality units might decrease by 2/3"

*"Bars and restaurants  
will bankrupt soon"*

**"WHEN WOLVES WORRY ABOUT SHEEP'S  
HEALTH STATUS..." TOBACCO INDUSTRY  
WORRIED FOR TAX REVENUES**

vs.

2013-14

„TOWNSEN COMPLETELY A YEAR OF BEDROCK“

„The majority of smokers support ban“

2014 MARCH „THEY PUNISH FOR PUNISHING THEMSELVES“

„Hungarian hotels on the winners' stand“

„TOURISM COMPLETED A  
YEAR OF RECORDS“

„The majority of  
smokers support ban”

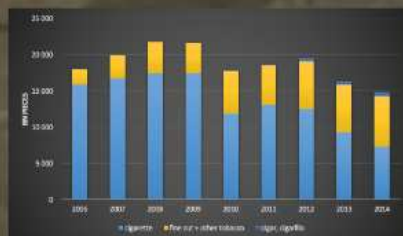
**2014 MARCH: „THIRD PLACE FOR  
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*"Hungarian hotels on  
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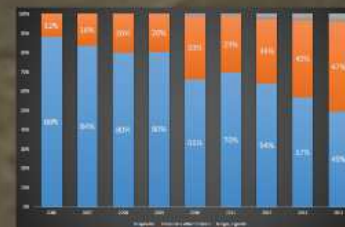


# Consumption

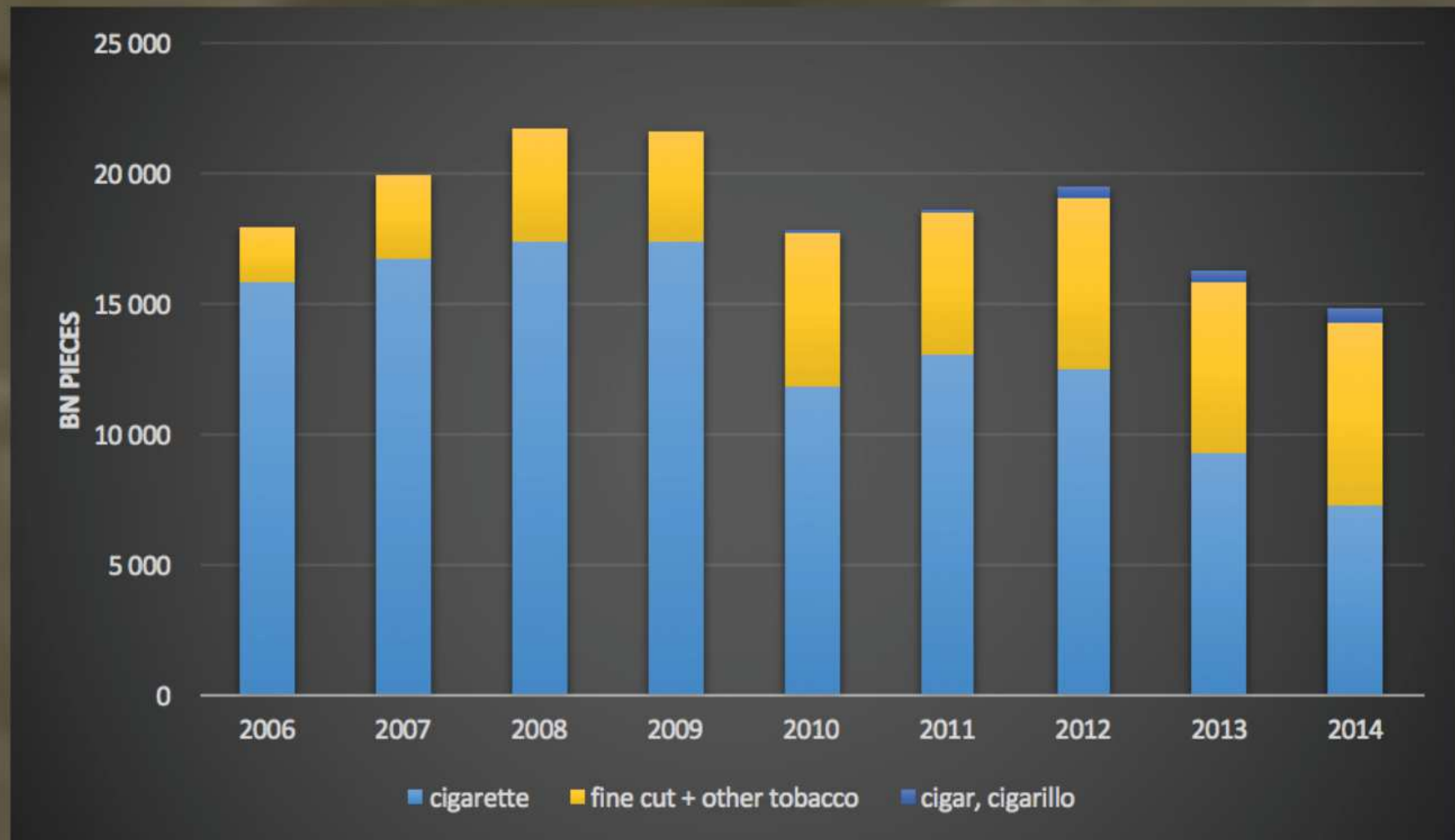
Tobacco Consumption in Hungary, 2006-2014



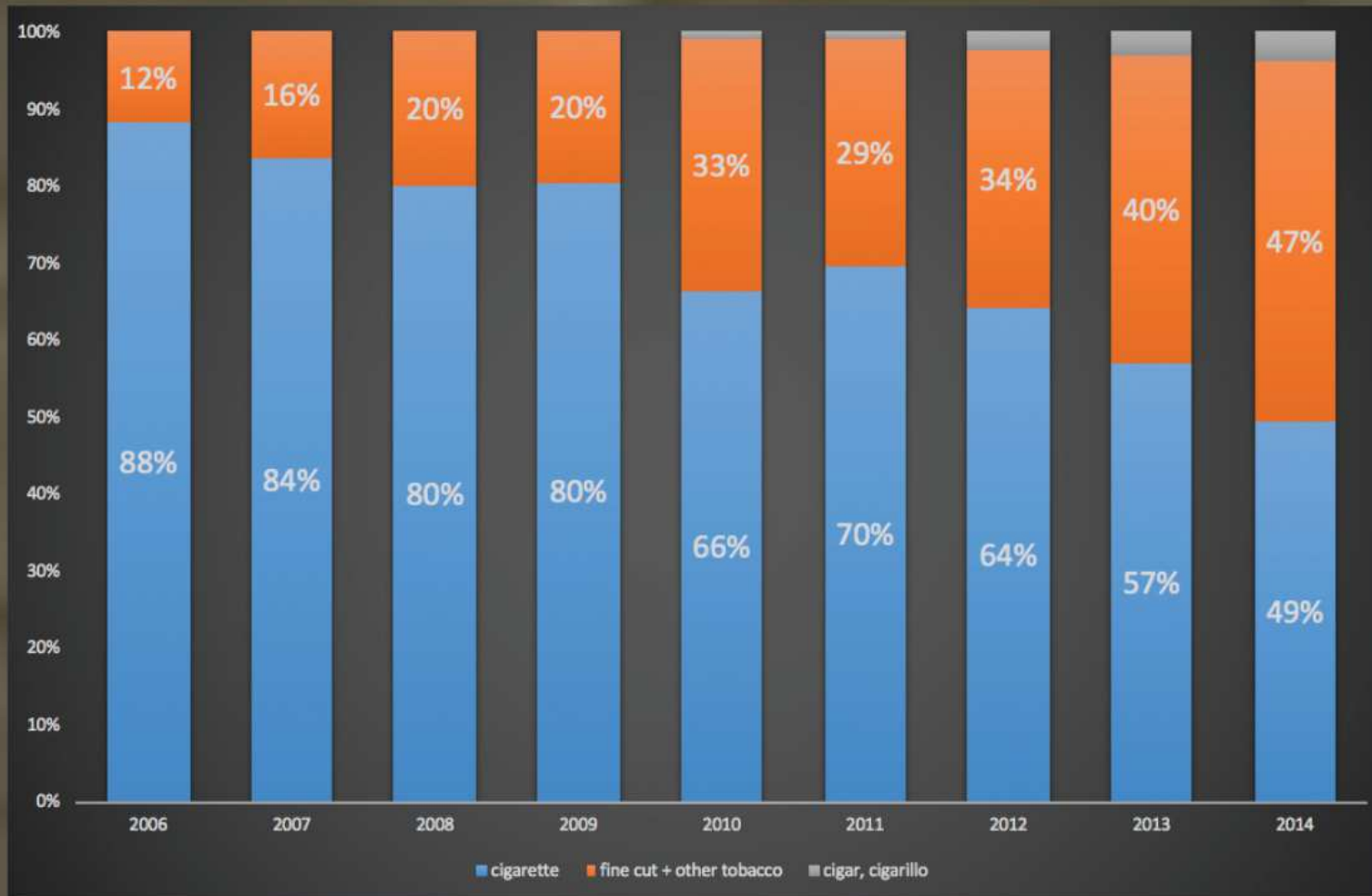
Market Transformation



# Tobacco Consumption in Hungary, 2006-2014



# Market Transformation



# Tobacco Control Scale

Hungary is the country which made the greatest progress (2010 ranking: 27 vs. 2013 ranking: 11)



Hungary reduced and licensed tobacco retailers, introduced comprehensive smoke free legislation, pictorial health warnings and a display ban

## The Tobacco Control Scale 2013 in Europe

Luk Joossens Martin Raw



A report of the Association of European Cancer Leagues



2013 ranking (2010 ranking)		Country	Price (30)	Public place bans (22)	Public info. campaign spending (15)	Advertis- ing bans (13)	Health warnings (10)	Treat ment (10)	Total (100)
1 (1)	-	UK	27	21	3	10	4	9	74
2 (2)	-	Ireland	24	21	1	12	5	7	70
3 (4)	▲	Iceland	20	17	12	12	4	1	66
4 (3)	▼	Norway	20	17	3	12	4	5	61
5 (4)	▼	Turkey	21	19		7	5	5	57
5 (6)	▲	France	20	17	1	9	4	6	57
7 (13)	▲	Spain	15	21	1	9	4	6	56
7 (7)	-	Malta	17	18		10	4	7	56
9 (7)	▼	Finland	15	17	3	12	2	6	55
10 (new)		Ukraine	20	17		12	4		53
11 (9)	▼	Sweden	17	15		10	1	5	48
11 (27)	▲	Hungary	15	13		11	3	6	48
13 (13)	-	Netherlands	16	13	1	9	1	7	47
13 (10)	▼	Belgium	14	13	2	8	4	6	47
15 (12)	▼	Italy	15	15	2	8	1	5	46
15 (13)	▼	Denmark	15	11	2	8	4	6	46
15 (24)	▲	Bulgaria	18	15		10	1	2	46
18 (11)	▼	Switzerland	13	11	7	2	5	7	45
19 (16)	▼	Romania	19	7		8	3	7	44
20 (17)	▼	Slovenia	12	15		9	1	6	43
20 (19)	▼	Estonia	14	12		10	1	6	43
20 (19)	▼	Poland	14	11		9	1	8	43
23 (new)		Serbia	18	11		9	1	3	42
24 (17)	▼	Latvia	14	14		8	3	2	41
24 (19)	▼	Portugal	14	11		8	1	7	41
26 (new)		Croatia	14	12		11	1	2	40
27 (22)	▼	Slovakia	13	10		9	1	6	39
28 (29)	▲	Luxembourg	5	15		9	1	7	37
29 (22)	▼	Lithuania	12	12		8	1	2	35
29 (30)	▲	Greece	15	7		6	1	6	35
31 (27)	▼	Czech Rep.	12	9		8	1	4	34
32 (24)	▼	Cyprus	15	7		10	1	-	33
33 (26)	▼	Germany	14	11		4	1	2	32
34 (30)	▼	Austria	11	8		7	1	4	31

# Sovereignty in Health



## Successful Introduction

- Public health and sustainability crisis, sovereign decisions of statesmen and parliament
- Improved in-door air quality
- Decrease in passive smoking
- Major decrease in the proportion of smokers
- Increased incomes of hospitality units and accommodation service providers
- Public support - number of voters
- Expected decrease in tobacco related morbidity, mortality and economic burden
- Expected decrease in tobacco related social burden

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Expected decrease in tobacco related social burden

# Tobacco Blitz **2** **3**

**2**

## Merchandizing

The award also covered the restriction of merchandising

- Significant reduction in tobacco retailers 
- 50% tax advantage for fine cut tobacco
- Tobacco shop near to the Hungarian Austrian Border 

**3**

## E-cigarettes

When lobby arguments fire back or "The hat-trick" of making e-cigarettes medication



- The argument was that it is needed to cure cigarette addiction
- Then let's make nikotin a medication
- It worked until EU Court sold out - remember it is a common market
- Since 2015 eCigarette is regulated as any other tobacco product in Hungary



# 2

## Merchandizing

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### When l hat-tric

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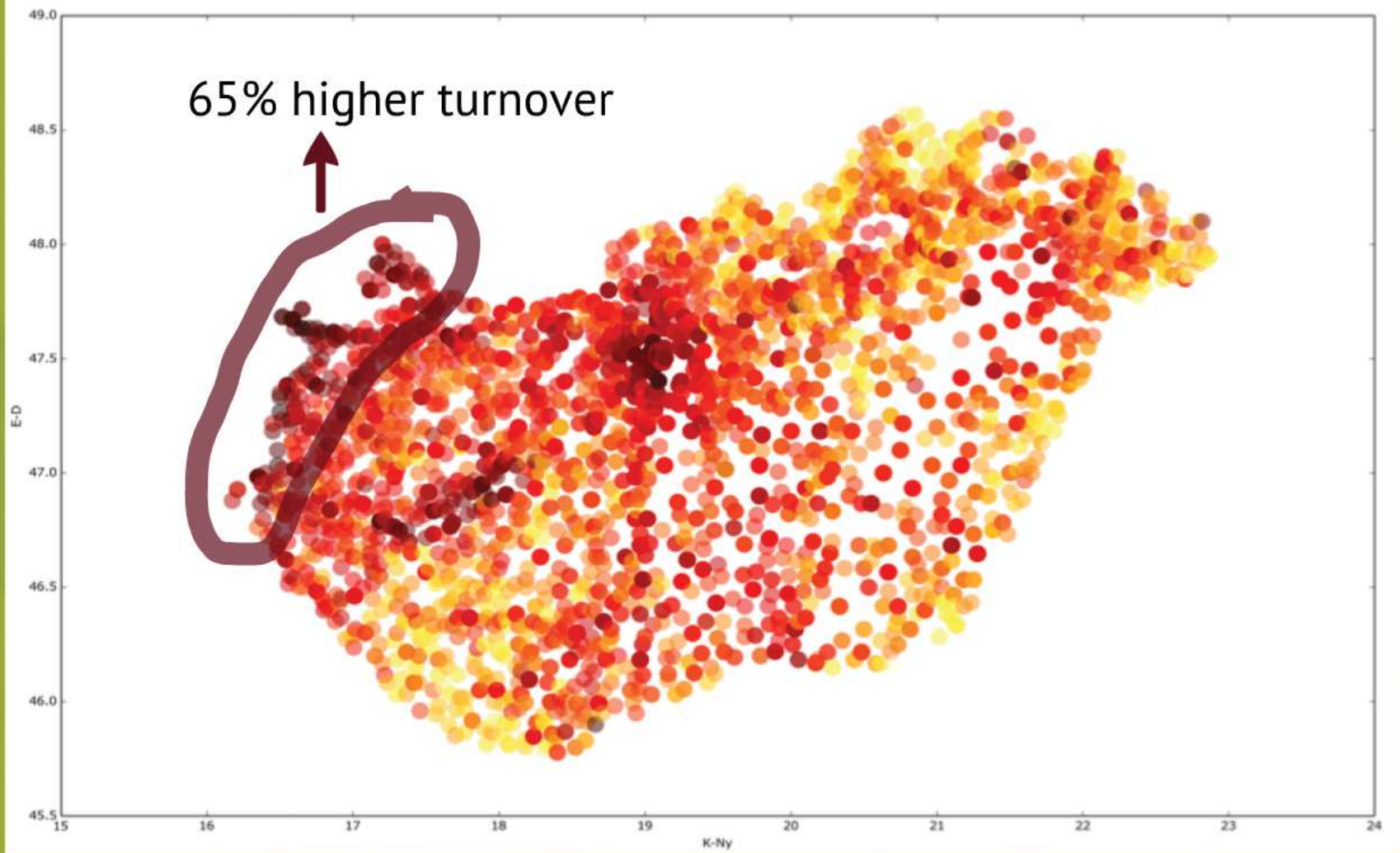
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# Total manufactured cigarette consumption in Austria

TOTAL AUSTRIA CONSUMPTION							
Billion cigarettes	2009	2010	2011	2012	2013	2014	2013-14 %
Legal domestic sales (LDS)	13.39	13.54	13.09	12.96	13.04	12.90	(1%)
Outflows	-0.27	-0.45	-0.36	-0.31	-0.75	-0.38	(50%)
Legal domestic consumption (LDC)	13.12	13.09	12.72	12.65	12.29	12.52	2%
Non-domestic legal (ND(L))	1.25	1.15	1.43	1.25	1.69	2.11	25%
Counterfeit and contraband (C&C)	1.34	1.41	1.85	1.50	0.95	0.35	(63%)
Total non-domestic	2.59	2.56	3.28	2.76	2.64	2.46	(7%)
<b>Total consumption</b>	<b>15.71</b>	<b>15.65</b>	<b>16.00</b>	<b>15.41</b>	<b>14.92</b>	<b>14.97</b>	<b>0%</b>



69% ↑ (2012-2014)

I can tell the amount of your excise duty and VAT income loss

# 2

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on

# Bonus track

## Other public health regulations 2010-14

- Public health tax - taxing added sugar and salt (coke and chips)
- Increasing the excise tax of tobacco and alcohol (despite black market intimidation)
- Earmarked taxes for salary raise of doctors and nurses
- Trans-fat ban
- Compulsory HPV vaccination
- Fast track designer drug tracing
- Final pilot for cervical and colorectal screening introduction





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