



## **PRESS RELEASE**

**June 13, 1997**

### **PRICE INCREASE ON TOBACCO PRODUCTS**

On June 11, the Swedish Parliament passed the Governmental bill to increase the tobacco tax by 29 % as of August 1, 1997

As a result of this tax increase the consumer prices of tobacco products will be increased as of July 29, 1997. Due to administrative reasons, the increase in price will take place a few days before the tax increase.

The consumer price for the market leader cigarette brand "Blend" will be increased from SEK 36.50 to SEK 44.50. The price for a pack of John Silver will be increased from SEK 37 to SEK 45 and the price of the low-price brand "Right" will be increased from SEK 35 to SEK 43.

After Sweden's entry into the EU, a new tobacco tax system has been introduced in Sweden. For cigarettes, this system consists of a fixed part per cigarette and a floating percentage (value added) which is calculated on the basis of the set maximum consumer price. Each consumer pack must be labeled with this maximum price, which is determined by the manufacturer or the importer.

According to the EU-directive on tobacco excise taxes, tobacco taxes shall amount to not less than 57 % of the consumer price. The new Swedish tax rate will mean a tax increase on cigarettes from approximately 53 % to approximately 56 % of the consumer price.

Sweden has been granted a grace to achieve the 57 % tobacco tax level until the end of 1998.

The maximum consumer price system applies to cigarettes only. For other tobacco products pricing is optional. New prices are, therefore, approximations (SEK):

|   | <u>Current price</u> | <u>New price</u> |
|---|----------------------|------------------|
| Generalsnus (moist snuff) /can            | 18.00                | 21.50            |
| Portion-packed moist snuff /can           | 17.00                |                  |
| 21.00                                     |                      |                  |
| John Silver Roll-Your-Own /pack           | 49.00                | 59.00            |
| Hamiltons Blandning, (pipe tobacco) /pack | 57.00                | 69.00            |
| Bellman, (cigarillos) /pack               | 29.00                | 31.50            |
| Accent No 1, (filter cigarillos) /pack    | 28.00                | 33.00            |

*Breakdown of the consumer price for a pack of Blend (SEK):*

|                      | <u>Current price</u> | <u>New price</u> |      |
|----------------------|----------------------|------------------|------|
| Manufacturer         | 4.76                 |                  | 5.28 |
| Trade                | 5.25                 | 5.40             |      |
| Taxes, incl. VAT     | 26.49                | 33.82            |      |
| The consumers' price | 36.50                | 44.50            |      |

*Breakdown of the consumer price for a pack of the moist snuff General Snus (SEK):*

|                      |       |       |      |
|----------------------|-------|-------|------|
| Manufacturer         | 4.98  |       | 5.53 |
| Trade                | 4.62  | 5.52  |      |
| Taxes, incl. VAT     | 8.40  | 10.45 |      |
| The consumers' price | 18.00 | 21.50 |      |

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