



Bad for your financial health: A tobacco shop owner points out a new price tag for imported cigars in Tokyo on Friday as a record 40 percent tax hike on cigarettes took effect. AP PHOTO

Industry frets price hikes in tobacco

Kyodo News

The price of cigarettes jumped Friday by more than ¥100 per pack as a new tobacco tax kicked in, raising industry fears that sales will drop further as consumers become more health-conscious.

Japan Tobacco Inc., which holds around 65 percent of the market, predicts that the unprecedented hike will contribute to a 25 percent year-on-year reduction in domestic tobacco sales for the next 12 months.

In its first tax-linked price rise since July 2006, JT raised the price of a pack of its Mild Seven brand to ¥410 and of Seven Stars to ¥440, both from ¥300, while Philip Morris Japan KK raised the price of its Marlboro cigarettes to ¥440 from ¥320.

The government raised the duty by ¥3.5 per cigarette, or ¥70 per pack, but the tobacco companies say they imposed bigger price increases to offset an expected drop in sales and maintain quality. The price hikes come after consumers flocked to shops to stock up on cigarettes

beforehand.

Soji Kudo, a 72-year-old owner of a tobacco shop in Chuo Ward, Tokyo, said he has been busy for weeks dealing with customers and was finally able to have a good night's sleep Thursday evening.

Seven-Eleven Japan Co. saw its cigarette sales double Monday from a year earlier, before tripling Tuesday and quadrupling Wednesday, a company official said.

A 28-year-old company employee said she bought five cartons Thursday even though she also considered kicking the habit.

"It's hard to decide (to quit)," she said as she took a puff in a designated smoking zone near JR Shinbashi Station in Tokyo.

Takehiro Miyazaki, 34, a smoker for nearly 15 years, said he smokes every morning near the station before going to work and has no choice but to accept the price hike, regarding it the same as a train fare increase.

But shop owner Kudo said he's worried about a downturn in sales in the coming months as many of his steady customers said they planned to quit after the increase.

A recent JT survey found that the ratio of smokers had fallen to 23.9 percent in fiscal 2010 from 32.9 percent in fiscal 2000.

In an online survey of 500 smokers by Kracie Foods Ltd., 31 percent said they planned to quit with the price hikes, while 11 percent said they would merely cut down.

Tobacco consumption is also expected to decline as a result of smokers becoming increasingly concerned about the health effects.

The Health, Labor and Welfare Ministry in February urged hotels, restaurants and other public facilities to impose an outright ban on smoking to cut down on secondhand smoke.

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