

# Tobacco Taxes, Control and Consumption in Hong Kong

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## **Abstract**

**Manuscript type:**  
*Empirical*

### **Research Question/Issue:**

*Tobacco control is an essential issue from a policy and social perspective because smoking imposes enormous health and social costs on nations. Tobacco use continues to be the leading preventable cause of premature death in the United States. In Hong Kong, the government put its efforts to reduce the cigarette consumption since 1982. Different tobacco control measures, such as tobacco duty, protection for nonsmokers, and health education, have been taken to reduce the level of tobacco consumption. Hong Kong has been fighting tobacco since the early 1980s and the overall smoking prevalence rate has been declining significantly over the past three decades. This study is to evaluate the effectiveness of the components in a tobacco control mechanism.*

### **Research Findings/Insights:**

*This paper examines the impact of the statutory policies upon the smoking prevalence in Hong Kong for the period 1982 to 2010. In this study, different public policy interventions, including tobacco excise duty, bans on tobacco advertising and restrictions of public smoking, are reviewed and their effects are assessed at both individual and aggregate levels. The results evidence that increase in the tax and the price of tobacco products is the most effective tool to reduce smoking prevalence and tobacco consumption. Moreover, the aggregate and comprehensive bans on tobacco advertising and restrictions on public smoking show a significant and negative impact on smoking prevalence whilst the influences of individual policy interventions cannot be identified. The results suggest that a comprehensive tobacco control approach is an effective means of reducing tobacco consumption.*

### **Theoretical/Academic Implications:**

*Over the past decades, governments in different countries have sought to diminish the health burden of tobacco consumption. Economists consider price as the most important determinant of demand. The changes in price initially result in movements along a demand curve. Governments in different jurisdictions have widely adopted this as an effective strategy for reducing cigarette consumption. Heavy tobacco excise tax is thus regarded as an effective tool to increase the retail price of, so as to decrease the demand for tobacco products.*

### **Practitioner/Policy Implications:**

*Most of the previous research on tobacco use typically focuses on the topics like public health consequence, passive smoking, cigarette price, tobacco excise duty and illicit tobacco trade. Though other measures, such as restrictions on advertisement and protection on non-smokers, play an important part in anti-tobacco battles, there have been comparatively fewer studies examining the effects of these controlling measures. In this study, the key smoking controlling manoeuvres, not limited to tobacco excise tax, will be reviewed and their impacts on the consumption of cigarettes will also be measured. It is expected that the results of this study will complement the preceding picture and provide the authorities with some useful insights regarding the design of tobacco control mechanism.*

**Keywords:** tobacco tax, tobacco control measures, tobacco price, smoking prevalence, tobacco consumption.

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