Package 2+: e-cigarette tax reform (main presentation)
As of 5 September 2019
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1. Ten reasons why we need to raise e-cigarette excise tax
2. Proposed reform on e-cigarette excise tax
3. Cross country comparison
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Ten reasons why we need to raise e-cigarette taxes
Top 10 reasons why we need to raise e-cigarette excise tax

1. To avoid harmful effects of e-cigarettes on health;
2. To reduce e-cigarette-related injuries;
3. To restrict access and availability of e-cigarettes to children and minors;
4. To reduce e-cigarette use among the youth;
5. To reduce risks to bystanders exposed to second-hand aerosol;
6. To address the number of vape users;
7. To deter first-time usage of e-cigarette;
8. To prevent the potential use of e-cigarettes as an illicit drug delivery system;
9. To tax vapor and heated tobacco products (HTPs) the same as regular cigarettes and prevent renormalization of smoking; and
10. To finance the funding gap of the UHC.
1. To avoid harmful effects of e-cigarettes on health.

US - Center for Disease Control
Cardiovascular disease

1. E-cigarettes containing nicotine, which is highly addictive, are linked to increased risk of heart attacks and stroke.
2. E-cigarette users were **56 percent** more likely to have a **heart attack** and **30 percent** more likely to **suffer a stroke** than non-users.

Source: National Health Interview Survey, Center for Disease Control and Prevention
1. To avoid harmful effects of e-cigarettes on health.

“There is conclusive evidence that in addition to nicotine, most e-cigarette products contain and emit numerous potentially toxic substances.”
- US National Academies of Sciences, Engineering, and Medicine

1. To avoid harmful effects of e-cigarettes on health.

“What's coming out of an e-cigarette (aerosol) may look different than secondhand smoke from cigarettes, but it's far from harmless.”

The same chemicals are also found in tobacco cigarettes.
1. To avoid harmful effects of e-cigarettes on health.

1. The concentrations of nicotine in tobacco fillers and the mainstream smoke of HTP (iQOS) were **almost the same as those of conventional combustion cigarettes**.

2. Tobacco-specific nitrosamines and carbon monoxide are NOT completely removed from the mainstream smoke of iQOS.

3. It is necessary to consider the health effects and regulation of iQOS.

- Department of Environmental Health, National Institute of Public Health, Japan 2017
1. To avoid harmful effects of e-cigarettes on health.

Toxic substances

E-cigarettes do not emit plain water vapor. They emit aerosols (gas and particulate matter) that contain many harmful substances found in conventional cigarettes, such as, but not limited to:

1. Nicotine
2. Ultrafine particles that can be inhaled deep into the lungs
3. Volatile organic compounds
4. Cancer-causing chemicals such as PAHs, carbonyls
5. Heavy metals such as nickel, tin, chromium lead, copper, and arsenic
6. Tobacco-specific nitrosamines
7. Batter chemicals

Source: https://www.centeronaddiction.org/e-cigarettes/tobacco-replacement/are-nicotine-free-e-cigarettes-harmful
Acute and severe lung illnesses reported in the United States

Thomas Haupt, a respiratory disease epidemiologist with Wisconsin's Department of Health Services:

"At this particular point, vaping is the only thing that they have in common."
1. To avoid harmful effects of e-cigarettes on health.

Acute and Severe Lung Illnesses reported in the United States

He went from hiking enthusiast to ‘on death’s door’ within days. Doctors blamed vaping.
1. To avoid harmful effects of e-cigarettes on health.

US Center for Disease Control and Prevention

Source: CNN (S12:E265 Doctors suspect vaping behind uptick of severe lung disease)
1. To avoid harmful effects of e-cigarettes on health.

US FDA - SEIZURES due to Vaping
1. To avoid harmful effects of e-cigarettes on health.

US Center for Disease Control and Prevention

Source: The Washington Post published on 16 August 2019
1. To avoid harmful effects of e-cigarettes on health.

Nicotine delivered by e-cigarettes during pregnancy can result in multiple adverse consequences such as Sudden Infant Death Syndrome and Altered Brain Development.

- American Academy of Pediatrics (AAP)

Source: Center for Disease Control
1. To avoid harmful effects of e-cigarettes on health.

Risks of vaping

<table>
<thead>
<tr>
<th>Claims of e-cigarette companies</th>
<th>What we know from research</th>
</tr>
</thead>
<tbody>
<tr>
<td>“E-cigarettes are 95 percent safer than cigarettes.”</td>
<td>A high concentration of cancer-causing compounds were found in the urine of 180 teens who use vapes. (Rubenstein et al., 2018)</td>
</tr>
<tr>
<td>“E-cigarettes help smokers quit cigarettes.”</td>
<td>E-cigarette-using teens are twice as likely to smoke conventional cigarettes within one year. (Watkins, 2018)</td>
</tr>
</tbody>
</table>
1. To avoid harmful effects of e-cigarettes on health.

**Risks of vaping**

<table>
<thead>
<tr>
<th>Claims of e-cigarette companies</th>
<th>What we know from research</th>
</tr>
</thead>
<tbody>
<tr>
<td>“The harm of cigarettes is in tar. Nicotine, in itself, is not as harmful.”</td>
<td>US Surgeon General: “Nicotine is a controlled poison and is toxic to developing brains.”</td>
</tr>
<tr>
<td>“E-cigarettes are a viable smoking cessation option for people who want to quit.”</td>
<td>European Public Health Association: “Vape users are ⅓ less likely to quit smoking cigarettes.” (Glantz and Bareham, 2018; European Public Health Association, 2018)</td>
</tr>
</tbody>
</table>
2. To reduce e-cigarette-related injuries.

Regardless of brand, cases of e-cigarette explosions have been reported which have caused severe injuries and sometimes death.
2. To reduce e-cigarette-related injuries.

1. 82 e-cigarette explosions happened during use.
2. 92 e-cigarette explosions happened during charging.
3. 75 e-cigarette explosions happened during transport, storage or unknown circumstances.
4. 67 e-cigarette explosions involved spare batteries for removable battery mods.
5. 219 resulted in personal injury or death.

At least 316 vape explosions worldwide
(August 2009 to March 2019)

Source: e-Cig One 2019
2. To reduce e-cigarette-related injuries.
2. To reduce e-cigarette-related injuries.
...on your face and body...

Man’s ‘face ripped off after his vape pen exploded in his mouth’

Jacob Geanous  Monday 8 Apr 2019 4:52 pm

New York man severely burned in e-cigarette battery explosion

December 3rd 2018 — 5.7K Shares
Man's E-Cigarette Explodes Causing Burns To Leg And Genitals

Claire Reid in NEWS
...in your pockets...

Man left with horrific burns after e-cigarette catches fire in his pocket

I looked down and my leg was on fire

E-cigarette explodes in North Port man’s short pocket, leaving severe burns

An e-cigarette reportedly exploded in a North Port man’s pocket while he sat at his desk.

Author: Isabel Mascarenhas
Published: 5:00 PM EST November 26, 2018
Updated: 7:59 PM EST November 26, 2018

Vape battery explodes in pocket

A woman was fortunate to suffer only minor injuries after an e-cigarette battery caught fire in her coat pocket.

Man says e-cigarette battery ignited in his pants pocket without warning and burned him

Lawsuits
By Nicholas Malftano | Oct 18, 2018
…in the car or bus…
...in the car...

Corona Couple Sues After E-Cigarette Battery Explodes In Car

Toddler burned after mom's e-cig explodes in car

E-cigarette wrecked car when it EXPLODED 'like a firework' while being charged overnight leaving seats destroyed and windows blackened

Woman injured, car destroyed after e-cigarette explosion in Naples

A car was destroyed, and a woman was sent to the hospital with severe burns after an e-cigarette exploded.
...and in the airport.

E-cigarette battery ignites fire on American Airlines flight from Las Vegas to Chicago

Rasha Ali, USA TODAY Published 4:18 p.m. ET Jan. 6, 2019 | Updated 5:17 p.m. ET Jan. 6, 2019

E-cigarette fire during boarding causes Delta flight delay

By Fox News

E-cigarette lithium-ion batteries caused fire aboard WestJet flight in June: TSB

Canadian Press Updated: January 18, 2019

Hawaiian Airlines flight makes emergency landing after e-cigarette scare

There was a scare in the air for 128 passengers aboard a Hawaiian Airlines flight when a light indicated there was smoke in the cargo area. The plane was on its way to Maui from Honolulu.

Exploding Vape Shuts Down Plane, Cancels Flight

A vape pen inside someone’s carry-on luggage spontaneously burst into flame during boarding, delaying a flight from New York.

By Avery Thompson Feb 14, 2019
...and even deaths.

The first known mortality from an e-cigarette device was when a Florida man was killed by a Philippine-made e-cigarette.

**Explosion** caused by a **malfunctioning battery** had launched vaporizer fragments into the Florida Man’s brain, killing him instantly.

...and even deaths.

Vape pen kills man after exploding in his mouth

By Alex Horton
February 5

William Brown had errands to run on a chilly Texas evening, and his grandmother was happy to lend him her light-blue Lincoln Town Car.

Brown stopped at a store selling vaporizer smoking pens outside Fort Worth on Jan. 27. He sat alone in the parked car, put his lips to a pen, and soon after an explosion sent shards

Source: https://www.washingtonpost.com/health/2019/02/05/vape-pen-kills-man-after-exploding-his-mouth/
...and even deaths.

A vape pen killed a 38-year-old man — and it's a type of e-cig that's wildly popular among one group of vapers

Erin Brodwin  May 17, 2018, 12:22 PM

Texas man killed by exploding vape pen

By Joshua Rhett Miller  February 5, 2019 | 9:38am | Updated

Man Found Dead After Vape Pen Apparently Explodes In His Face

An erupting pen can project “flying debris and shrapnel,” warns fire official.
3. To restrict access and availability of e-cigarettes to children and minors.

1. Kids can order “e-juice” on the internet.

2. E-cigarette juices are sold in flavors like fruit, candy, coffee and chocolate. Most have the addictive ingredient, nicotine.

3. Children are exposed to e-cigarette advertising in the media, and in magazines and billboards.

4. 30 to 50 percent of e-cigarettes sales occur online, where there are poor age verification practices.

Source: https://truthinitiative.org/research-resources/emerging-tobacco-products/e-cigarettes-facts-stats-and-regulations
4. To reduce e-cigarette use among the youth.

Source: US FDA and U.S. Center for Disease Control and Prevention (CDC)

2. While e-cigarettes typically have fewer chemicals than regular cigarettes, they may still contain heavy metals like lead, flavorings linked to lung disease, small particles that can be inhaled deep into the lungs, and cancer-causing chemicals.

3. Their easy availability, alluring advertisements, various e-liquid flavors, and the belief that they’re safer than cigarettes have helped make them appealing to this age group.
4. To reduce e-cigarette use among the youth.  
Flavors entice youth uptake

<table>
<thead>
<tr>
<th>Flavor</th>
</tr>
</thead>
<tbody>
<tr>
<td>American tobacco</td>
</tr>
<tr>
<td>Peppermint</td>
</tr>
<tr>
<td>Virginia tobacco</td>
</tr>
<tr>
<td>Mango</td>
</tr>
<tr>
<td>Mango</td>
</tr>
<tr>
<td>Strawberry milk</td>
</tr>
<tr>
<td>Watermelon</td>
</tr>
<tr>
<td>Mint</td>
</tr>
<tr>
<td>Tobacco</td>
</tr>
<tr>
<td>Cappuccino</td>
</tr>
<tr>
<td>Iced orange</td>
</tr>
<tr>
<td>Iced pina colada</td>
</tr>
<tr>
<td>Iced watermelon</td>
</tr>
<tr>
<td>Iced blueberry</td>
</tr>
<tr>
<td>Iced strawberry</td>
</tr>
<tr>
<td>Iced mango</td>
</tr>
<tr>
<td>Iced pineapple</td>
</tr>
</tbody>
</table>

Source: JUUL, Labs Inc.; Vapebeat
4. To reduce e-cigarette use among the youth.

Flavors entice youth uptake

Source: World Health Organization
4. To reduce e-cigarette use among the youth.

That USB stick might be an e-cigarette:

1. Some kids use them unnoticed in schools, including in classrooms and bathrooms.
2. These e-cigarettes deliver high doses of nicotine. **Nicotine is highly addictive and can harm adolescent brain development.**

Source: Centers for Disease Control and Prevention, 2018
...as marketing tactics of e-cigarette companies target the youth.

1. Offering scholarships

Scholarships ranging from USD 250 to USD 5,000 involve asking students to write essays on topics like whether vaping could have potential benefits.

Source: Truth Initiative, Inspiring Tobacco-Free Lives
...as marketing tactics of e-cigarette companies target the youth.

2. Sponsoring music festivals and events

3. Introducing appealing flavors

Source: Truth Initiative, Inspiring Tobacco-Free Lives
...as marketing tactics of e-cigarette companies target the youth.
...as marketing tactics of e-cigarette companies target the youth.

North Carolina sues 8 e-cigarette companies, alleging marketing to children

By Jacqueline Howard, CNN

Updated 2046 GMT (0446 HKT) August 27, 2019
“E-cigarette companies have rapidly increased advertising spending, from $6.4 million in 2011 to $115 million in 2014”
- U.S. Center for Disease Control and Prevention
Age verification systems depend on mere honor system.
Age verification systems depend on mere honor system.
5. To reduce risks to bystanders exposed to second-hand aerosol (SHA).

World Health Organization

“The absolute impact from passive exposure to electronic cigarette vapor has the potential to lead to adverse health effects as SHA is a new air contamination source for particulate matter, which includes fine and ultrafine particles, as well as some VOCs, some heavy metals, and nicotine. “

E-cigarette aerosol is not harmless. It can contain harmful ingredients.

Source: World Health Organization, Conference of the Parties to the WHO Framework Convention on Tobacco Control. “Electronic Nicotine Delivery Systems and Electronic Non-Nicotine Delivery Systems (ENDS/ENNDS)”. Seventh session, Delhi, India, 7-12 November 2016 Provisional agenda item 5.5.2
5. To reduce risks to bystanders exposed to second-hand aerosol (SHA).

1. Third-hand exposure to nicotine released from electronic smoking device (ESD) aerosol that deposits on indoor surfaces.

2. Chemicals from ESDs can drift through multi-unit buildings and deposit on surfaces in spaces where ESDs are not being used.

5. To reduce risks to bystanders exposed to second-hand aerosol (SHA).

3. World Health Organization recommends that ESDs not be used indoors, especially in smoke-free environments, to minimize the risk to bystanders of breathing in aerosol emitted by the devices and to avoid undermining the enforcement of smoke-free laws.

4. National Institute for Occupational Safety and Health (NIOSH) recommends that employers “establish and maintain smoke-free workplaces that protect those in workplaces from involuntary, secondhand exposures to tobacco smoke and airborne emissions from e-cigarettes and other ENDS.

Researchers from nature checked a vaping convention’s air quality level

Assessment of indoor air quality at an electronic cigarette (Vaping) convention

Rui Chen, Angela Aherrera, Chineye Isichei, Pablo Olmedo, Stephanie Jarmul, Joanna E. Cohen, Ana Navas-Acien & Ana M. Rule

Researchers from nature checked a vaping convention’s air quality level

1. Average indoor nicotine concentration of **124.7 μg/m³** was similar to secondhand smoke nicotine measured in nightclubs and pubs when cigarette smoking was permitted in the US and Canada (**94.5 μg/m³**).

2. E-cigarette aerosol is a major source of indoor air pollution of particulate matter, cancer-causing volatile organic compounds, and air nicotine.
Researchers from nature checked a vaping convention’s air quality level

“Our study confirms that e-cigarette aerosol is a major source of indoor air pollution of PM_{10}, TVOCs, and air nicotine, which impairs indoor air quality.

Individuals are exposed to high concentrations of hazardous pollutants during a vaping convention.”
6. To address the number of vape users.

According to the Global Adult Tobacco Survey (GATS) in 2015, e-cigarette use is highest among the youth and young adults.
6. To address the number of vape users.

Percentage of students ages 13-15 years old on e-cigarette, GYTS 2015

- **Overall**: 42.7%
  - Ever heard: 42.7%
  - Ever tried: 11.7%
- **Male**: 48.7%
  - Ever heard: 48.7%
  - Ever tried: 15.7%
- **Female**: 37.2%
  - Ever heard: 37.2%
  - Ever tried: 8.1%
6. To curb the increasing number of vape users.

Both the actual and projected sales of e-cigarettes in the Philippines show an increasing trend.

Sales of vapor products by value, 2013 to 2023

Source: Euromonitor, 2018
7. To deter first-time usage of e-cigarette.

<table>
<thead>
<tr>
<th>Journal of American Medical Association</th>
<th>Youth and young adult e-cigarette users had more than 3 times the odds of subsequent cigarette initiation</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Academies of Sciences, Engineering, and Medicine</td>
<td>“There is substantial evidence that e-cigarette use increases risk of ever using combustible tobacco cigarettes among youth and young adults.”</td>
</tr>
</tbody>
</table>


...which could lead to smoking of regular cigarettes.

Teens Vaping E-Cigarettes Up To 7 Times More Likely To Smoke Later, But Not Vice Versa

Teens who use e-cigarettes are more likely to try smoking, report shows

E-cig use increases risk of beginning tobacco cigarette use in young adults

US National Institute for Health, 2017

National Academies of Sciences, Engineering and Medicine, 2018

University of Pittsburgh Schools of the Health Sciences, 2017
8. To prevent the potential use of e-cigarettes as an illicit drug delivery system.

1. E-cigarettes can deliver a host of illicit substances such as:
   a) Ecstasy
   b) Cocaine
   c) Cathinones (act like ecstasy, introduced and modified in waves to avoid restrictions and regulations)
      • PVP
      • MDPV
      • Mephedrone
      • Methylone


98
8. To prevent the potential use of e-cigarettes as an illicit drug delivery system.

2. An increasing number of individuals are using drug vaporization, such as e-cigarettes, as a new method of administration for methamphetamine.

3. Cannabis (marijuana)

8. To prevent the potential use of e-cigarettes as an illicit drug delivery system.

Long Island, New York: an 18-year-old was rushed in an emergency room gasping for air, vomiting, and dizzy.

Health investigators suspect the incident from heavy e-cigarette use, vaping marijuana, or a combination.

Washington, USA: the Centers for Disease Control and Prevention and the Food and Drug Administration warned the public not to buy vaping products off the street.

Some vaping products have been found to contain other potentially harmful chemicals such as oils used for vaping marijuana.

“More vaping illness reported, many involving marijuana”. 2019. Fox 2.
8. To prevent the potential use of e-cigarettes as an illicit drug delivery system.

London, United Kingdom: according to a King’s London College study, 39 percent of the polled 861 people admitted vaping illegal drugs.

Experts fear it could make prevention harder and lead to addiction and overdosing.

Jakarta: police arrested 11 people for allegedly producing and distributing e-cigarette liquid containing ecstasy.


8. To prevent the potential use of e-cigarettes as an illicit drug delivery system.

Latest development in prohibiting sale of vapor products

San Francisco, California: In June 2019, San Francisco-based Juul Labs was dealt a blow when its hometown legislators voted unanimously to ban all sales of e-cigarettes in the city.

San Francisco, California: In July 2019, Juul Labs injected 3 million US dollars into campaign to undo its hometown’s looming e-cigarette ban.

The money goes to the Coalition for Reasonable Vaping Regulation, a Juul-backed organization, to combat San Francisco’s halt on e-cigarettes sale.

9. To tax vapor and heated tobacco products (HTPs) the same as regular cigarettes.

1. Under Republic Act (RA) No. 9211, cigarettes are defined as *any roll or tubular construction, which contain tobacco or its derivatives, and intended to be burned or heated under ordinary conditions of use.*

2. Further, Section 147 of the 1997 Tax Code, as amended, defines cigarettes as *rolls of finely cut leaf tobacco, or any substitute therefor, wrapped in paper or in any other material.*

3. Since HTPs are of roll or tubular construction that contain tobacco materials and several filter sections wrapped in paper intended to be heated, these products should be classified as cigarettes subject to the same excise tax rate.
9. To tax vapor and heated tobacco products (HTPs) the same as regular cigarettes.

A pod of a popular brand is claimed to be equivalent to one pack of regular cigarettes.

Source: https://www.juul.com/calculator
9. To tax vapor and heated tobacco products (HTPs) the same as regular cigarettes.

A stick of a popular brand is claimed to be comparable to a regular cigarette.

IQOS is a tobacco heating system.

Thanks to sophisticated electronics, IQOS heats specially designed heated tobacco units up to 350°C, without combustion, fire, ash, or smoke. This generates a flavorful nicotine-containing vapor, releasing the true taste of heated tobacco. The experience lasts about six minutes or 14 puffs, comparable to that of a cigarette.

Source: https://www.pmi.com/faq-section/faq/what-is-iqos
10. To finance the funding gap of the Universal Health Care (UHC).

**Funding gap before the enactment of the increase in tobacco taxes (RA 11346)**

Totals may not add up due to rounding.
10. To finance the funding gap of the Universal Health Care (UHC).

Funding gap after the enactment of the increase in tobacco taxes (RA 11346)
Proposed reforms on e-cigarette taxes
Excise tax rates of heated tobacco products for pack of 20 (in PHP per pack)

a. RA 11346

<table>
<thead>
<tr>
<th>Year</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>10</td>
</tr>
<tr>
<td>2021 onwards</td>
<td>10.5</td>
</tr>
</tbody>
</table>

b. DOH-DOF proposal

Increase to 45 pesos per pack in 2020, and further increase by 5 pesos per pack per year like regular cigarettes.
### Excise tax rates of vapor products (in PHP)

**a. RA 11346**

<table>
<thead>
<tr>
<th>Volume (in ml)</th>
<th>2020</th>
<th>2021 onwards</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.00 to 10.00</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>10.01 to 20.00</td>
<td>20</td>
<td></td>
</tr>
<tr>
<td>20.01 to 30.00</td>
<td>30</td>
<td>5 percent indexation every year thereafter</td>
</tr>
<tr>
<td>30.01 to 40.00</td>
<td>40</td>
<td></td>
</tr>
<tr>
<td>40.01 to 50.00</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td>more than 50.00</td>
<td>50 + 10 for every additional 10.00 ml</td>
<td></td>
</tr>
</tbody>
</table>

**b. DOH-DOF proposal:**

Increase to 45 pesos per ml in 2020 regardless of volume, and further increase by 5 pesos per pack per year like regular cigarettes.
Excise tax rates of vapor products (in PHP)

**DOH-DOF**

<table>
<thead>
<tr>
<th>Year</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
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<tr>
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<td>Value</td>
<td>60</td>
<td>63</td>
<td></td>
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</table>

**HB 1026**

<table>
<thead>
<tr>
<th>Year</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
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<tr>
<td>Value</td>
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<td>45</td>
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<tr>
<td>Value</td>
<td>4.5</td>
<td>5.0</td>
<td>5.5</td>
<td>6.0</td>
<td>6.3</td>
</tr>
</tbody>
</table>

- **Vapor products**
- **Freebase**
- **Nicotine or salt nic**
Excise tax rates of HTP and e-cigarette devices (in percent)

a. RA 11346

No excise tax imposed

b. DOH-DOF proposal:

Treated as non-essential good, with 20 percent excise tax based on the wholesale price or the value of importation
### Estimated incremental revenue* (in PHP billions)

<table>
<thead>
<tr>
<th>DOH-DOF</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>Total</th>
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<tbody>
<tr>
<td>HTPs</td>
<td>0.1</td>
<td>0.1</td>
<td>0.2</td>
<td>0.2</td>
<td>0.2</td>
<td>0.8</td>
</tr>
<tr>
<td>Vapor products</td>
<td>3.1</td>
<td>3.4</td>
<td>3.8</td>
<td>4.1</td>
<td>4.3</td>
<td>18.7</td>
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<tr>
<td>Total</td>
<td>3.2</td>
<td>3.6</td>
<td>3.9</td>
<td>4.3</td>
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</table>

<table>
<thead>
<tr>
<th>HB 1026</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>Total</th>
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<tbody>
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<td>HTPs</td>
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<td>0.1</td>
<td>0.2</td>
<td>0.2</td>
<td>0.2</td>
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<td>Vapor Products</td>
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<td>1.5</td>
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<td>7.4</td>
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<tr>
<td>Total</td>
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<td>1.4</td>
<td>1.7</td>
<td>1.9</td>
<td>2.0</td>
<td>8.2</td>
</tr>
</tbody>
</table>

*Additional revenues to RA 11346. Preliminary estimates. Totals may not add up due to rounding.
Cross country comparison
E-cigarette and HTP regulation

- Countries that ban HTPs: 10
- Countries that ban e-cigarettes: 32
- Countries that tax HTPs*: 22
- Countries that tax e-cigarettes*: 26

*At least
Source: World Health Organization
At least 26 countries tax e-cigarettes worldwide

<table>
<thead>
<tr>
<th>Classification</th>
<th>Countries</th>
</tr>
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<tbody>
<tr>
<td>Specific (22)</td>
<td>Philippines, Albania, Azerbaijan, Cyprus, Estonia, Finland, Greece, Hungary, Italy, Kenya, Latvia, Lithuania, Montenegro, Poland, Portugal, Romania, Russia, Serbia, Slovenia, Sweden, South Korea, and United State of America (Delaware, Illinois - Chicago, Illinois – Cook County, Kansan, Louisiana, North Carolina, Ohio, Washington, West Virginia, Wisconsin)</td>
</tr>
<tr>
<td>Mixed (1)</td>
<td>United States of America (New Jersey and New Mexico)</td>
</tr>
</tbody>
</table>
At least 22 countries tax HTPs worldwide

<table>
<thead>
<tr>
<th>Specific (20)</th>
<th>Philippines, Albania, Austria, Bulgaria, Croatia, Cyprus, Denmark, Greece, Hungary, Italy, Latvia, Lithuania, Montenegro, Romania, Russia, Serbia, Slovak Republic, Slovenia, South Korea, and United Kingdom</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mixed (2)</td>
<td>Poland and Portugal</td>
</tr>
</tbody>
</table>
32 countries ban e-cigarettes worldwide

**Countries which ban ENDS**

- Argentina, Bahrain, Brazil, Brunei Darussalam, Cambodia, Democratic Peoples Republic of Korea, Ethiopia, Gambia, Iran, Jordan, Kuwait, Lebanon, Mauritius, Mexico, Nepal, Oman, Panama, Qatar, Saudi Arabia, Singapore, Sri Lanka, Suriname, Switzerland, Syrian Arab Republic, Thailand, Timor Leste, Turkmenistan, Uganda, United Arab Emirates, Uruguay, Venezuela, West Bank, and Gaza Strip

**Countries that ban the sale of all types of e-cigarettes**

- 29

**Countries prohibit the sale of nicotine-containing e-cigarettes**

- 6

**Countries ban sale, manufacturing and import of ENDS and regulate use**

- 6

**Countries, that permit the sale of e-cigarettes, with regulations in marketing, public use, and cross-border transactions**

- 45

Source: http://globaltobaccocontrol.org/e-cigarette/ 09 July 2019 Regulation of ENDS and HTPs

Global State of Tobacco Harm Reduction 2018; Global Tobacco Control
Countries banning the sale of ENDS and HTPs in ASEAN

<table>
<thead>
<tr>
<th>Total ban</th>
<th>Partial ban</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brunei</td>
<td>Singapore</td>
</tr>
<tr>
<td>Cambodia</td>
<td>Thailand</td>
</tr>
<tr>
<td>Malaysia*</td>
<td>Vietnam**</td>
</tr>
</tbody>
</table>

* Religious law, however, declares a fatwa against e-cigarettes; ban of sale in selected states
** Ban of sale to minors
Countries banning the sale of HTPs

<table>
<thead>
<tr>
<th>Ban HTPs</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Brunei</td>
<td>6. Norway</td>
</tr>
<tr>
<td>2. Cambodia</td>
<td>7. Panama</td>
</tr>
<tr>
<td>3. Iran</td>
<td>8. Thailand</td>
</tr>
<tr>
<td>5. Malta</td>
<td>10. Vietnam*</td>
</tr>
</tbody>
</table>

Source: Global Tobacco Control, Jan 2019
*ban of sale to minors
Responding to ten concerns of stakeholders
Responding to ten concerns of stakeholders

1. E-cigarettes are up to 95 percent less harmful than conventional cigarettes according to Public Health England.
2. Switching completely from smoking to vaping conveys substantial health benefits.
3. E-cigarette is a smoking cessation aid.
4. E-cigarettes should not be taxed as conventional cigarettes.
5. There is no evidence so far that e-cigarettes are a route into smoking among young people.
6. Most of the damage from cigarette smoking is due to tar which is absent in e-cigarettes.
7. Some e-cigarettes do not contain nicotine.
8. E-cigarettes do not produce dangerous secondhand emissions.
9. E-cigarette is a recreational activity which should not be taxed.
10. E-cigarette use is largely targeted to the adult population. It is never the intention of the industry to encourage young people.
E-cigarettes are up to 95 percent less harmful than conventional cigarettes according to Public Health England.

Public Health England (Nutt, et al) Admitted that their “understanding of the potential hazards associated with using electronic nicotine delivery systems (ENDS, e.g. E-cigarettes) is at a very early stage”, and

“A limitation of this study is the lack of hard evidence for the harms of most products on most of the criteria.”

This study was funded by Euroswiss Health (Switzerland) and supported by LIAF (Lega Italiana Anti Fumo), both of which have links to the tobacco and e-cigarette industry.
Switching completely from smoking to vaping conveys substantial health benefits.

US Centers for Disease Control

E-cigarettes emit aerosols that contain harmful substances found in conventional cigarettes such as:

a. **Neurotoxic** nicotine

b. **Harmful ultrafine particles** that can be inhaled deep into the lungs

c. **Cancer-causing** volatile organic compounds

d. **Cancer-causing** chemicals such as PAHs, carbonyls

e. **Toxic** heavy metals such as nickel, tin, chromium lead, copper, arsenic

f. **Cancer-causing** tobacco-specific nitrosamines
CONCERN 3

E-cigarette is a smoking cessation aid.

RESPONSE

US Food and Drug Administration

The Food and Drug Administration has not found any e-cigarette to be safe and effective in helping smokers quit.

Journal of American Medical Association

“Youth and young adult e-cigarette users had more than 3 times the odds of subsequent cigarette initiation.”
**CONCERN 3**

*E-cigarette is a smoking cessation aid.*

**RESPONSE**

*Journal of American Heart Association*

In real-world scenarios, e-cigarettes seem mostly to promote dual use, which in those not motivated to quit, is either maintained or leads to a return to sole use of combustible cigarettes.

*National Academies of Sciences, Engineering, and Medicine*

“There is substantial evidence that e-cigarette use increases risk of ever using combustible tobacco cigarettes among youth and young adults.”
E-cigarettes should not be taxed as conventional cigarettes.

Clearly recommend that countries treat and regulate e-cigarettes no differently than other tobacco products.

Tax ENDS/ENNDS at a level that makes the devices and e-liquids unaffordable to minors in order to deter its use in this age group.
CONCERN 4

E-cigarettes should not be taxed as conventional cigarettes.

RESPONSE

Department of Environmental Health, National Institute of Public Health, Japan (Bekki et al, 2017)

“The concentrations of nicotine in tobacco fillers and the mainstream smoke of HTP (iQOS) were almost the same as those of conventional combustion cigarettes.

Toxic compounds are not completely removed from the mainstream smoke, making it necessary to consider the health effects and regulation of these products.”
CONCERN 4

E-cigarettes should not be taxed as conventional cigarettes.

RESPONSE

WHO and Framework Convention on Tobacco Control (FCTC)

There is no hard evidence showing that e-cigarettes are less harmful than conventional cigarettes.

US Centers for Disease Control

Typical use of ENDS/ENNDS produce aerosol that includes a variety of substances which are toxicants that have known health effects resulting in a range of significant pathological changes.
CONCERN 5

There is no evidence so far that e-cigarettes are a route into smoking among young people.

RESPONSE

US 2018 National Youth Tobacco Survey

There’s an epidemic of e-cigarette use among teens in some parts of the world. Figures in the US showed a 78 percent increase of teen vaping from 2017 to 2018. A similar trend in Canada has been identified by experts at the University of Waterloo.

Pediatrics (Chaffee et al, 2018)

Among adolescent cigarette experimenters, using e-cigarettes was positively and independently associated with progression to current established smoking, suggesting that e-cigarettes do not divert from, and may encourage, cigarette smoking in this population.
CONCERN 5

There is no evidence so far that e-cigarettes are a route into smoking among young people.

RESPONSE

Journal of American Medical Association

“Youth and young adult e-cigarette users had more than 3 times the odds of subsequent cigarette initiation.”

National Academies of Sciences, Engineering, and Medicine

“There is substantial evidence that e-cigarette use increases risk of ever using combustible tobacco cigarettes among youth and young adults.”
Most of the damage from cigarette smoking is due to tar which is absent in e-cigarettes.

US Centers for Disease Control

1. E-cigarettes still contain nicotine which is highly addictive and harmful.
2. E-cigarettes contain other harmful substances found in conventional cigarettes such as:
   a. Neurotoxic nicotine
   b. Harmful ultrafine particles that can be inhaled deep into the lungs
   c. Cancer-causing volatile organic compounds
   d. Cancer-causing chemicals such as PAHs, carbonyls
   e. Toxic heavy metals such as nickel, tin, chromium lead, copper, and arsenic
   f. Cancer-causing tobacco-specific nitrosamines
Some e-cigarettes do not contain nicotine.

1. Cartridges labeled as nicotine-free still contain nicotine.

American Journal of Physiology - Lung Cellular and Molecular Physiology

2. More recent studies show that even nicotine-free e-cigarettes cause vascular dysfunction and increases inflammation and oxidative stress in the user.

CONCERN 8

E-cigarettes do not produce dangerous secondhand emissions.

RESPONSE

WORLD HEALTH ORGANIZATION

Inhalation of second-hand aerosol is not completely harmless. E-cigarette aerosol can still have the same amount of tiny particles of heavy metals and other substances that affect the lungs.
**CONCERN 9**

E-cigarette is a recreational activity which should not be taxed.

**RESPONSE**

**US Centers for Disease Control**

1. Our proposal is **not prohibiting** the use of e-cigarettes, rather, it is **discouraging harmful use to the user and to others** as it is linked to negative health effects.

**American Academy of Pediatrics**

2. It is also **discouraging initiation among the youth**, who faces the highest risk to switching to conventional cigarettes.
E-cigarette use is largely targeted to the adult population. It is never the intention of the industry to encourage young people.

**U.S. Department of Health and Human Services Centers for Disease Control and Prevention**

Recent e-cigarette marketing campaigns have shown to be youth-oriented in its use of ads appealing to the youth instead of their intended adult target demographic. Exposure to e-cigarette advertising is associated with current e-cigarette use among youth.
WHO on ENDS

1. The **evidence is sufficient** to caution children and adolescents, pregnant women, and women of reproductive age about ENDS use because of the **potential for fetal and adolescent nicotine exposure to have long-term consequences for brain development**.

1. The aerosol of e-cigarettes usually contains some **carcinogenic compounds** and other **toxicants found in tobacco smoke**. In addition, it increases exposure of non-smokers and bystanders to nicotine and a number of toxicants.

1. Existing evidence shows that **ENDS aerosol is NOT merely “water vapour”** as is often claimed in the marketing for these products.

1. While medicinal use of nicotine is a public health option under the treaty, recreational use is not. Nicotine may function as a **“tumour promoter”** and seems to be involved in the biology of malignant diseases, as well as of neurodegeneration.

2. There are also **risks of physical injury** brought about by **fires or explosions** related to ENDS devices.
WHO on heated tobacco products

1. **Reduced exposure DOES NOT translate to reduced risk in humans.**

2. Therefore, additional independent studies will be required to substantiate claims of reduced risk/harm.

3. **Tobacco is inherently toxic** and contains carcinogens even in its natural form.

4. **All forms of tobacco use are harmful**, including HTPs.
Summary
1. Ensure financial sustainability for health expenditure programs

2. Discourage excessive alcohol, tobacco, e-cigarettes, and sweetened beverages consumption for better health and social outcomes, especially among the youth and poor

3. Ensure a healthy, world class workforce needed to support our transition to an upper middle income status
Key messages

1. The government is committed to ensure financial sustainability for a higher quality UHC.
2. The DOH and DOF have pushed for the 2012 sin tax reform, TRAIN law, and the 2020 tobacco excise tax increase.
3. The DOF-BIR-BOC have also gone after massive illicit trade.
4. To complement, PhilHealth needs to address its governance challenges to improve public trust.
5. Let us protect our children...
Link to DOF microsite/presentation:
http://taxreform.dof.gov.ph/publication/recent-presentations/
Thank you.