

## 5. Effects of the Proposal

### 5.1. Economic impact

Tobacco smoking and nicotine use lead to increased risks of developing diseases. The economic cost related to tobacco use amounts to approximately 1.8% of GDP in an international comparison.<sup>1</sup> The direct and indirect costs caused by smoking in Finland amounted to approximately EUR 1.3 billion in 2020.<sup>2</sup>

- In addition to economic disadvantages, tobacco products and other products covered by the Tobacco Act also generate income for various actors in society; tax revenue for the public sector and earned income for importers and retailers of the products. The purpose of extending the smoking ban and introducing plain packaging is to support the Tobacco Act's goal of ending the use of tobacco products and similar products. The economic impacts of the proposed changes can be assessed by examining, on the one hand, the direct costs and income losses of the proposals as a result of reduced demand and, on the other hand, the savings that reduced tobacco smoking and reduced use of other nicotine products entail for society.
- It is clear that the proposed amendments entail direct additional expenditure for manufacturers and importers of the products referred to in the Tobacco Act. Stricter tobacco legislation adversely affects the income of manufacturers, importers and retailers as a result of reduced demand. However, measures that help people to stop using tobacco and nicotine products improve the productivity of the economy, promote public health and reduce the Åland Islands' healthcare and regional expenditure, particularly in terms of healthcare services. To this extent, the proposal entails positive external effects and savings for society. Ultimately, reducing tobacco and nicotine use leads to improved public health, a reduction in the burden of disease and a reduction in the economic burden for society.
- The proposed provisions on plain packaging have direct economic impact for manufacturers and importers of tobacco products, electronic cigarettes, nicotine liquids and smokeless nicotine products. Costs arise from the fact that the packaging must be changed to conform to the proposal. However, these costs will in principle be of a one-off nature. Furthermore, manufacturers and importers have already begun this work, as the regulations have already been implemented in the country.
- Increasing the age limit from 15 to 16 years for sellers of tobacco products under the supervision of a person aged 18 or over may marginally increase difficulties for traders selling tobacco products to employ additional staff. Many of the traders have a likely recurring need for extra staff, for example during the summer, which attracts many younger people. For traders who also sell alcohol, raising the age limit means that the age limits for selling tobacco and alcohol will be the same, so there won't be any practical change for those traders when hiring extra staff.

### 5.2. Administrative consequences

ÅMHHM is the supervisory authority for tobacco and beaches and, with the proposed legislative measures, will be entrusted with additional monitoring tasks and will handle smoking ban applications. This means that the supervisory authority's tasks will increase.

- The provisions on the unification of the retail packaging make it easier for ÅMHHM to monitor the legality of the retail packaging, since all texts, figures and other markings that do not comply with the proposed provisions are unequivocally prohibited.

### 5.3. Impact on children and young people

Protecting children and young people against harmful substances is a high priority according to both the objectives of Åland and national and international objectives.

- The draft laws extending the number of smoke-free places where children are present reduce the risk of children being exposed to passive smoking and thus protect children from the harmful substances contained in tobacco.
- Regulating smokeless nicotine products in legislation by setting an age limit of 18 for purchasing them means that children are protected from being able to buy these products. The same applies to heated tobacco products. It can therefore be assumed that the risk of children and young people becoming nicotine dependent is reduced. However, the fact that smokeless nicotine products are regulated in the legislation may pose a risk that these will become a gateway to more extensive dependence on nicotine, tobacco or other addictive substances.
- Slightly tightening the age at which tobacco products are sold from 15 to 16 years under the supervision of a person aged 18 or over should improve the working environment. As 15-year-olds are no longer proposed to have the right to sell tobacco products under the supervision of a person aged 18 or over, the risk of sales from one young person to another due to social influence is also reduced somewhat.

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<sup>1</sup> M. Goodchild, N. Nargis and E.T. d'Espaignet. *Global economic cost of smoking-attributable diseases* (2017)

<sup>2</sup> Ministry of Social Affairs and Health. Development of the tobacco and nicotine policy: Actions proposed by the Working Group 2023

## 5.4. Impact on the environment

Cigarette butts are the most common type of litter found on beaches. From beaches, cigarette butts easily end up in waterways, where the toxic chemicals and plastic they contain are washed into the waterway ecosystem. Poisons and plastic cause micro-organisms to die, and even birds and aquatic animals can be damaged or die after eating cigarette butts. On average, it takes one and a half years for a tobacco cigarette butt to decompose in fresh water and approximately three years in sea water.

- The increase in the number of places where smoking is prohibited may lead to an increase in cigarette butt pollution outside or in the vicinity of the areas where smoking is prohibited. This can be partially remedied by designating specific areas for smoking and increasing the number of litter bins.
- Tobacco products containing plastic are subject to the scope of the Single-Use Plastics Directive<sup>3</sup>, hereinafter referred to as 'the SUP Directive'. The SUP Directive requires several measures to prevent littering caused by cigarette butts. Goal 3 of the strategic development goals for Åland is good water quality. Sub-goal 3.8 is to reduce the leakage of hazardous substances, such as pharmaceuticals, plant protection products, household chemicals, micro plastics and toxins into the aquatic environment to non-harmful levels and that littering of the aquatic environment has ceased. The reduction in the number of cigarette butts on beaches and in the water contributes to achieving the third strategic development goal.
- Globally, tobacco cultivation causes considerable harm to the environment. Forests are being cleared to make way for farmland, which accelerates climate change. In addition, tobacco cultivation depletes the soil so that after a few years, nothing else can be grown there. Tobacco is mainly grown in developing countries, but the negative effects of cultivation can affect the entire world through climate change. The reduction in the consumption of tobacco products in Åland, which the proposals are likely to entail, makes a small but important contribution to reducing climate change.

## 5.5. Impact on gender equality

In recent years, tobacco smoking has decreased especially among men, and the gender gap in smoking has decreased. However, smoking is a contributing factor to men's average life expectancy being shorter than women's. Women are at greater risk than men of developing tobacco-related diseases. Furthermore, the probability of women dying from tobacco-related diseases is now almost as high as it is for men. Lung cancer is the cancer disease that kills the most women in Åland. Lung cancer mortality has increased among women over the past 40 years and is now at the same level as for men.

- In 2022, 10 % of adults (aged 20 and older) in Åland stated that they used snus (tobacco snus or nicotine pouches) daily; 16 % of men and 5 % of women.
- The measures proposed should reduce tobacco smoking and the use of other nicotine containing products proportionately equally among men and women. The measures now proposed therefore have no specific impact on gender equality.

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<sup>3</sup> Directive (EU) 2019/904 of the European Parliament and of the Council on the reduction of the impact of certain plastic products on the environment.