E-cigarette use in Europe

Prevalence of ever use, 2012 vs. 2014

2012
2014
Methods

Data from six EU markets:
- Estonia
- Ireland
- Latvia
- Lithuania
- Sweden
- UK

Results

- E-cigarette users are likely more sensitive to price changes than cigarette smokers (estimated e-cigarette price elasticities vary from -0.83 to -0.87)
Results (cont.)

• Increased cigarette prices are associated with increases in e-cigarette sales, suggesting substitution
Results (cont.)

• Economic conditions are positively related to e-cigarette use
Comparing prices of combustible and e-cigarettes

- sample of 45 countries around the world
- compare the cost of combustible cigarettes to those for two major kinds of ENDS:
  - disposable e-cigarettes (non-refillable)
  - and rechargeable e-cigarettes

Results

- E-cigarettes are more expensive than combustible cigarettes in most places
Taxation can possibly address the concerns of both opponents and proponents of e-cigarettes.

- Excise **taxes on e-cigarettes** can help to deter a surge of new nicotine addiction and harm caused by e-cigarettes.

- Maintaining or increasing **price differences** between combustible and e-cigarettes might incentivize current combustible smokers who cannot quit otherwise to switch to e-cigarettes.
How should e-cigarettes be taxed?

• Specific tax assessed by milliliter of consumable product

• Example: **Italian formula**

• 1 mL of e-liquid equals 5.63 combustible cigarettes

• tax of € 0.37344 per milliliter of consumable liquid
How should e-cigarettes be taxed? (cont.)

• Specific tax assessed by nicotine content in consumable product

• Example: **Maine Proposal**

• an amount of liquid containing 18 milligrams of nicotine equals one cigarette
How should e-cigarettes be taxed? (cont.)

- Ad-valorem tax based on price of products containing e-liquid
- Example: **Minnesota formula**
- Excise tax at 95% of the wholesale price of the product
Need for comprehensive approach

• Differential taxation may make sense but only when coupled with other tobacco control measures.
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