Prices and E-Cigarette Demand in the European Union and Canada: Evidence and Policy Implications

Michal Stoklosa, Senior Economist, Taxation & Health

The contents of this presentation are the sole responsibility of the authors and cannot be regarded as reflecting the positions of ACS.

![Graph showing per capita cigarette consumption vs. excise tax (euros per pack)]
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)
• Increased cigarette prices are associated with increases in e-cigarette sales, suggesting substitution.
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

![E-cigarette tax](image1)

![E-cigarette tax](image2)

![Cigarette tax](image3)
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
Need for comprehensive approach

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

e-mail: michal.stoklosa@cancer.org