

# Implementation and Outcomes of a National Policy to Reduce Tobacco Retail Density in Hungary

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## Abstract

**Background:** Smoking causes huge health, social and economic damages worldwide, in Hungary as well. It is directly responsible for the death of 20,470 people annually and the reduction of this huge loss of human life is among the topmost health policy objectives. Each and every clinical, preventive economic and public health tool and method and any combination thereof is worthy of support in order to reach a breakthrough in the reduction of smoking and smoking related damages.

Policies that reduce tobacco retail density are considered critical strategies for the “tobacco endgame.” While density-reduction strategies are being explored in the U.S. at the state and local levels, Hungary has embarked on a federally directed, nationwide effort to regulate the number and distribution of tobacco retailers.

**Outcomes:** The new structure of retail trade of tobacco products in Hungary is regulated by Act CXXXIV of 2012 on Reducing Smoking among Minors and on the Retail of Tobacco Products (Tobacco Act), which was promulgated on 24 September 2012. As part of the Tobacco Act, a new tobacco retail system went into effect on 1 July 2013, giving the State exclusive ownership of the tobacco retailing rights for the assignment of which it issues a public invitation to tender. The Tobacco Act brought about major changes in tobacco retail in Hungary not only by proscribing that only persons meeting the statutory requirements may exercise the concession granted by the state for the retailing of tobacco products, but also by setting a maximum number of concessions that may be allocated to municipalities. The State regulates the sites of the sale of tobacco products by requiring that tobacco products may only be sold in National Tobacco Shops, specifying the products that may be sold in tobacco shops, and banning minors from the premises. Violation of licensing rules can lead to outright rescission of concession rights. Key outcomes of the legislation include: creation of a network of National Tobacco Shops with a standardized image and darkened window to eliminate tobacco product cues that are typically visible from outside of stores; a significant reduction in tobacco retailers from approximately 40,000 unregulated outlets nationwide prior to policy implementation to 6,300 licensed National Tobacco Shops; and a reduction in illegal sales to minors, from 58% of stores found to be non-compliant in 2012 to 12% in 2013.

**Conclusions:** There were several decisions made in order to reduce tobacco harm. As a result of these measures, it has become more difficult for young people to purchase tobacco products. According to the results of the national youth tobacco survey for 2012, 45% of young people bought cigarettes in shops; this rate had decreased significantly to 20% by 2013. Thanks to the new national system we can gain up to date and detailed consumption data which was impossible before the regulations. Due to this unique retail system we can monitor the consumption habits precisely, learn important trends and even forecast the needed pulmonology capacity.

**Conflicts of Interest: None**

## History of Tobacco Legislation in Hungary

1997: Act LVIII on Business Advertising Activity (restrictions on advertising of tobacco products)

1999: Act XLII on the Protection of Non-smokers and Certain Regulations on the Consumption and Distribution of Tobacco Products

2003: Framework Convention on Tobacco Control

2012: Total ban on smoking in all enclosed places

2013: Compulsory use of combined pictorial health warning

## 2013: Act CXXXIV of 2012: Reducing Smoking Among Minors and Retail of Tobacco Products (Tobacco Act)

### New tobacco retail system (effective 1 July 2013)



Image of National Tobacco Shop

- Federally directed, nationwide effort to regulate the number and distribution of tobacco retailers
- Only persons meeting the statutory requirements may exercise the concession granted by the state for the retailing of tobacco products
- Sets a maximum number of concessions that may be allocated to municipalities
- Tobacco products may only be sold in National Tobacco Shops
- Regulates the products that may be sold in tobacco shops
- Bans minors from the premises

## Management of the Process

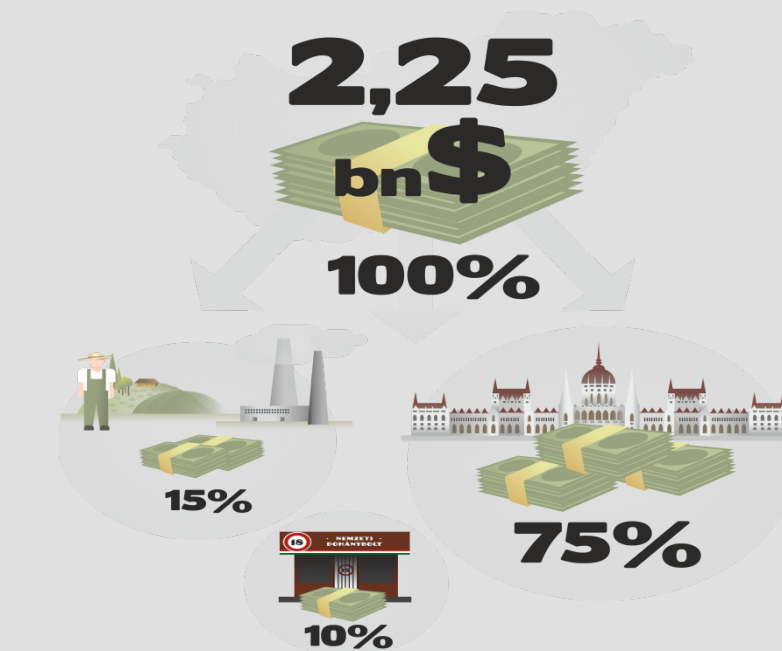
- Concessions belong fully state-owned, private non-profit shareholding company.
- Retailers won their concessions by open bid.

## Tobacco Control Essential in Hungary

- In 2010, 20,470 deaths could be attributed to smoking, accounting for 1/6 (16%) of total mortality.
- Smoking-related costs amounted to more than US\$ 2,12 billion. By contrast, government revenues were US\$ 1,73 billion. Expenses exceeded revenues by ~ US\$ 385 million in 2010.

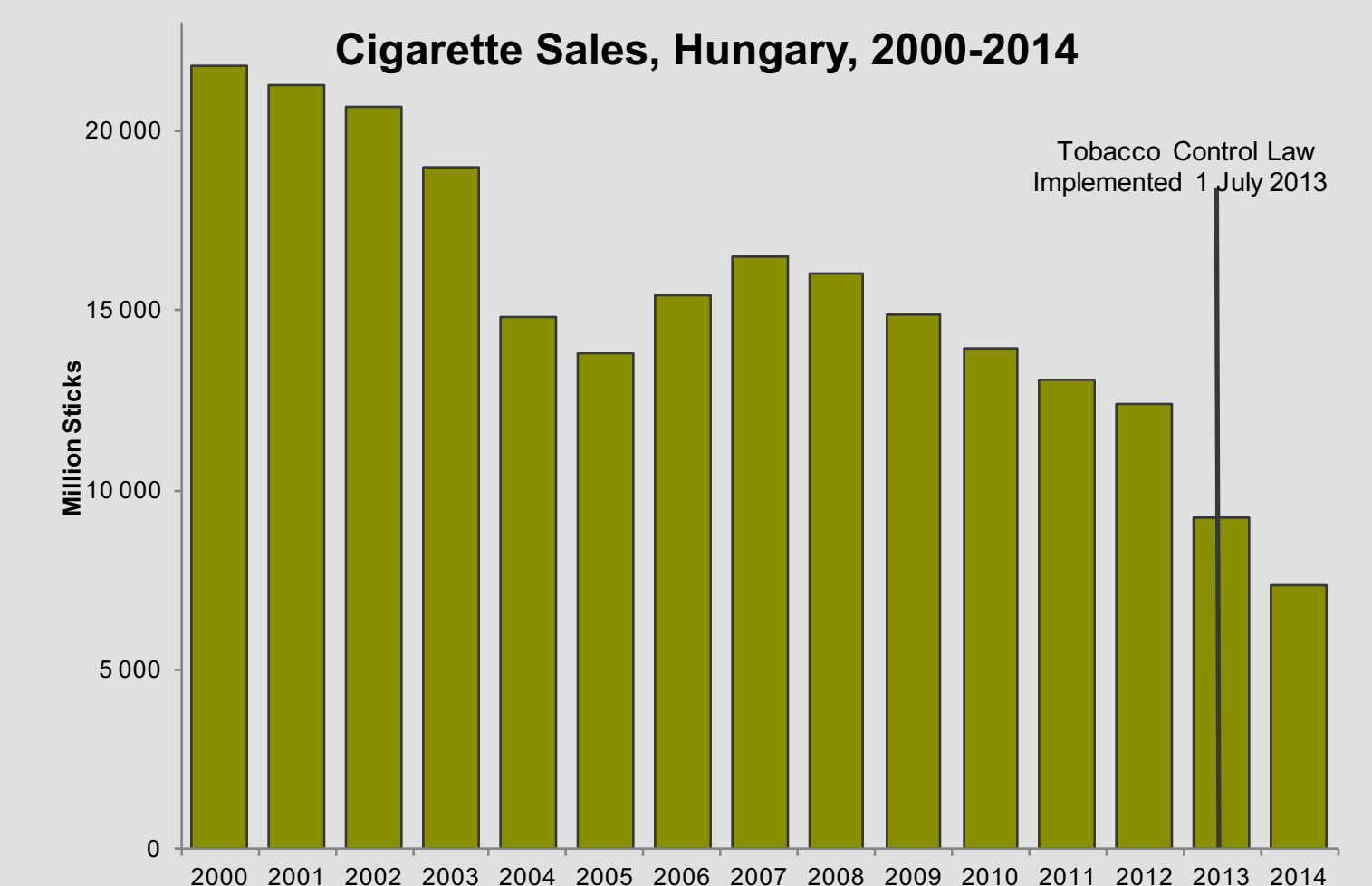
## Tobacco Market in Hungary

- The total size of the tobacco market is \$2,25 billion. The largest proportion (75%) of it goes directly into the state budget as excise tax and VAT. The rest (25%) is shared between the retailers (10%) and other participants of the tobacco industry (15%). As a consequence the retailers get \$0,22 billion as the total margin.
- The market share of the fine cut tobacco was 30-35% in 2010. By 2014 there had been a sharp increase up to almost 60%.
- 20% of the total turnover (each fifth dollar) is generated in the capital city of Hungary.



## Key Outcomes of the Tobacco Act

- Creation of a network of National Tobacco Shops with a standardized image and darkened window to eliminate tobacco product cues that are typically visible from outside of stores
- Centralized data warehouse on tobacco sales, creating unique opportunity for tobacco control scientists and policy makers
- Significant reduction in tobacco retailers, from approximately 40,000 unregulated outlets nationwide prior to policy implementation to 6,300 licensed National Tobacco Shops
- Reduction in illegal sales to minors, from 58% of stores found to be non-compliant in 2012 to 12% in 2013



Source: Euromonitor International, 2016