

For Immediate Release



## **AUB tobacco researchers and Lebanese activists press conference on economic impacts of Law 174: The tobacco control law is good for the economy and public health**

Beirut, Lebanon- 04/09/2012 -Following the spread of inaccurate information regarding the alleged negative impact of Law 174 on the economy and touristic establishments, the AUB Tobacco Control Research Group and activists from Lebanese civil society decided to hold a press conference on September 4, 2012, to set things straight and share information with the Lebanese government, public opinion and news outlets, while relying on accurate, scientific studies especially since the study on the economy impact of the new law which the Syndicate of Owners of Restaurants, Cafes, Night-Clubs and Pastries in Lebanon has been recently circulating claims lacks credibility and is not based in science for the following reasons:

1. **The representativeness of the sample used in the study is doubtful:** The consultancy firm hired by the Syndicate had only one month to conduct the research. They conducted one workshop with 65 businesses of the industry, claiming that they were a representative sample. Knowing that according to the Ministry of Tourism data total restaurants, cafes and bars in Lebanon reach 1600, while according to the syndicate there are 6000, a sample of 65 restaurants is hardly representative.
2. **The drop in sector revenues is based on a subjective guess estimate:** The consultancy firm just asked the 65 business owners about their opinion on the expected magnitude of the drop in revenues following the law. This is a highly subjective and inaccurate method of obtaining economic estimates, as only a person's opinion and not scientific and concrete data are surveyed. To estimate the loss (or gain) following the law one has to measure the change of revenues over a substantially long period of time. Asking those that might be affected by the legislation about their expectation for the change is hardly objective.
3. **The analysis does not include any potential gains as a result of new non-smoking or smoke-free customers:** More than 100 empirical scientific studies in several countries have shown no negative economic impact associated with smoking restrictions and many findings have shown that there may in fact be a positive effect on local businesses. These include higher revenues due to new customers who want a smoke-free environment, knowing that the majority of Lebanese, or 62 percent, are non-smokers and 92 percent of smokers and non-smokers support a tobacco control law; reduction in health costs paid to employees as their health at work improves, knowing that studies show that worldwide 200,000 workers from the tourist sector die annually; and the improved

marketing image of businesses through a social responsibility effect. (E.g., in Turkey revenues increased by 5 percent)

4. **The estimated drop in tourism revenues is erroneous and entirely based on guess estimates:** The analysis assumes that since the interviewed restaurant owners said that 25% of their revenues are based on tourists, so the analysts directly mapped this into an expected drop in tourism revenues. They have also linked this to shisha-loving tourists fleeing Lebanon after the ban. This is a highly reductionist view of the tourism potential of the country, since it is very doubtful that tourists flock to Lebanon only to have a taste of shisha.
5. **The forecasted drop in GDP is biased and wrong:** The analysis assumes that the drop in industry revenues will trickle down to the supply chain and to reduced income of persons engaged directly or indirectly in the hospitality industry. Yet this analysis completely excludes potential gains in GDP due to: 1) reduction in the health bill due to decreased smoking incidence and hence, smoking-related diseases (In Turkey smoking incidence went down from 31 percent to 15 percent following the implementation of a tobacco control law there); 2) rise in income of people as they have more money to spend due to cuts in their smoking and related health spending; 3) rise of income in businesses as there are less sick leaves and higher productivity at the workplace.

In fact, the real losses to the economy will come as a result of NOT implementing the tobacco control law, Law 174, as studies by the AUB Tobacco Control Research Group have estimated annual losses to the tune of \$55 million in the absence of strong tobacco control measures. Moreover, any exceptions to the law will risk sabotaging any gains made so far. For this reason, the AUB TCRG is categorically opposed to any amendments to Law 174 as this will harm people's health and the national economy.

ENDS

PHOTO CAPTION [L-R]: Rania Baroud, TFI, MP Robert Fadel, AUB Economics Prof. Jad Chaaban, AUB Public Health Prof. Rima Nakkash

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**Note to Editors**

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