

Philip Morris Australia answer to question on notice

IQOS in Japan

Nagoya, Japan, was selected as one of two first pilot markets for IQOS in November 2014. We found that adult Japanese smokers readily accepted IQOS, as it provided them a better alternative to cigarette smoking with no fire, no ash, less smell, and without negatively impacting indoor air quality.

Despite the limited supply of both IQOS devices and the consumables called HeatSticks, the market share in Japan continued to grow and by October 2017, three million smokers had quit smoking and converted to IQOS. As of 10 February 2019, HeatSticks represented 17.3% of the nationwide tobacco market in Japan.¹ While the total tobacco industry volume continues to decline in line with long-term trends, the decline of combustible products has accelerated with the introduction of heat-not-burn tobacco products.

Smoking incidence in Japan

According to official statistics collected by Japan Tobacco, the partially government-owned market leader in Japan, the smoking incidence rate in Japan has dropped from 26% in 2007 to 17.9% in 2017.

Prior to the introduction of IQOS into the Japanese market, the long term decline in smoking rates had stalled. In fact from 2014 to 2015 tobacco consumption had increased slightly from 19.7% to 19.9%, despite a stable regulatory and fiscal environment.

Since the launch of IQOS in 2015, the smoking incidence rate has begun to decline again. From 2015 to 2017 the smoking prevalence rate has moved down a full 2 percentage points across the population from 19.9% to 17.9%, representing a 10.5% decline over just two years.

The table below outlines the smoking incidence in Japan since 2007. It is important to note that these figures do not differentiate between the consumption of combustible and non-combustible tobacco products, i.e. these figures capture consumption of both cigarettes and heat-not-burn products, such as IQOS. As visible from the table, total incidence, including smoking as well as use of heat-not-burn products, has continued to decline following the introduction of heat-not-burn products such as IQOS. The bigger dynamic is however that a large proportion of the incidence referenced below actually represents men and women that are currently using heat-not-burn products rather than smoking cigarettes.

¹ <https://www.pmi.com/investor-relations/overview/event-details?EventId=5277236>

Table 1. Smoking incidence in Japan

Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Smoking incidence %	26.0 ²	25.7 ³	24.9 ⁴	23.9 ⁵	21.7 ⁶	21.1 ⁷	20.9 ⁸	19.7 ⁹	19.9 ¹⁰	19.3 ¹¹	17.9 ¹²

A note on smoking incidence amongst young people in Japan

A 2017 cross-sectional survey of 64,329 junior and senior high school students in Japan, ranging between around 12 to 18 years of age, commissioned by the Japanese Ministry of Health, found very low levels of smoking incidence amongst high school students, and a consistently lower incidence of heat-not-burn use than combustible cigarettes in this cohort.

The highest rate of heat-not-burn daily use amongst high school students was 0.3% for males in their third year of senior high school. The same cohort reported 1.4% daily use for combustible cigarettes.¹³

These very low rates of both heat-not-burn and combustible cigarette incidence amongst young people in Japan are a positive indication in a market that allows smokers to access less harmful alternatives to combustible cigarettes while also avoiding uptake amongst young people.

Scientific dossier submission

Philip Morris Australia submitted a comprehensive dossier of our scientific evidence on the benefits of IQOS and HeatSticks (known as the Tobacco Heating System or THS) to Dr David Russell-Weisz, Director-General of the Western Australian Department of Health, on 18 February 2019. The dossier contains hundreds of pages of evidence from our research on THS and includes independent studies. Our own key scientific findings including:

1. The THS heats rather than burns tobacco to produce an aerosol containing 90%-95% lower levels of toxicants than cigarette smoke and no solid carbon-based nanoparticles.
2. Reductions in toxic emissions leads to significant reductions in toxicity as demonstrated in in vitro and in vivo studies conducted in accordance with globally recognised assays and Good Laboratory Practices (GLP).
3. Functional and biological changes in healthy smokers switching to THS were comparable to the smoking cessation arm over a 6 month period.

² https://www.it.com/investors/media/press_releases/2007/10/20071017_01.html

³ https://www.it.com/investors/media/press_releases/2008/10/20081023_01.html

⁴ https://www.it.com/investors/media/press_releases/2009/0814_01/

⁵ https://www.jti.co.jp/investors/others/12g3_2/pdf/20100811_01.pdf

⁶ https://www.it.com/investors/media/press_releases/2011/1013_01/index.html

⁷ https://www.it.com/investors/media/press_releases/2012/0730_01.html

⁸ https://www.it.com/media/news/2013/pdf/20130730_06.pdf

⁹ https://www.it.com/media/news/2014/0730_01.html

¹⁰ https://www.it.com/media/news/2015/pdf/20150730_E01.pdf

¹¹ https://www.it.com/media/news/2016/pdf/20160728_E02.pdf

¹² https://www.it.com/media/news/2017/pdf/20170727_E02.pdf

¹³ Osaki et al, Annual Report of MHLW Research Committee, 'Field survey on drinking and smoking and the development of effective alcohol reduction intervention approaches for the prevention of lifestyle-related diseases' 2017.

4. Perception and Behavioural Assessment (PBA) studies have shown that the THS is not attractive to the vast majority of non-smokers, adult former smokers and adult never smokers.
5. The THS has no negative impact on the overall indoor air quality compared with cigarette smoking.

Overall, the evidence provided to the Western Australian government shows that switching completely from cigarettes to the THS leads to significant reductions in exposure to toxic substances and therefore has the potential to reduce risk compared to continued smoking. The letter accompanying the dossier requests that the government conduct its own scientific review and assessment of the evidence.

We will update the committee as new evidence comes to light.