

Smoke-free environments

SMOKE-FREE LAWS BENEFIT THE ECONOMY

Comprehensive smoke-free laws reduce exposure to secondhand smoke, a known cause of death and disease. These laws also help smokers quit and prevent initiation among youth. As a result, smoke-free laws save lives and reduce healthcare costs and other costs associated with smoking in workplaces and public places.

Allowing smoking in workplaces and public places is a drain on the economy. It imposes a heavy financial burden through increased medical costs, lost productivity due to illness, higher insurance premiums, and increased cleaning and property maintenance costs.

Comprehensive smoke-free laws are more cost effective for businesses than partial smoking bans. Most of the significant costs to businesses that allow smoking, such as maintenance costs, can only be eliminated through a complete ban on smoking.¹

Exposure to secondhand smoke imposes significant medical costs

Implementing comprehensive smoke-free laws help reduce medical costs associated with secondhand smoke exposure.

- In rural China, the total direct healthcare costs attributed to secondhand smoke exposure amounts to US\$1.2 billion which constitutes 0.3% of China's national healthcare expenditures and 0.02% of GDP in 2015. Health insurance covered only a fifth of these costs and individuals paid the remainder out-of-pocket, which amounts to almost half of the average daily income, thus placing a high financial burden on households.²
- In Germany, children age 9-11 exposed to any amount of secondhand smoke at home or in public places had higher healthcare costs compared to children not exposed to secondhand smoke. In households where children are regularly exposed to secondhand smoke, the additional medical costs were on average EU€114 higher annually.³
- In Taiwan, the total direct and indirect costs of secondhand smoke exposure was US\$126 million, which amounted to 0.3% of GDP in 2010.⁴
- In the United States, the Society of Actuaries estimates that almost US\$5 billion is spent every

year on medical care for diseases in non-smokers caused by exposure to secondhand smoke.⁵

Smoking in the workplace reduces productivity and results in additional costs to businesses

Allowing smoking in workplaces leads to increased absenteeism and reduces productivity among employees who smoke, increased health and life insurance costs, and increased cleaning and maintenance costs.⁶

- A multi-country study found that across the seven countries included in the study, smokers consistently had higher rates of absenteeism compared to former smokers and never smokers.⁷
 - In China, workers who smoke were absent 61% more often than former smokers.⁷
- In the United States, it is estimated that employees who smoke cost their employers an additional US\$5,816 compared to non-smokers, due to higher rates of absenteeism, smoking breaks, medical costs and retirement funds.⁸
- In Scotland, fire insurance costs attributable to smoking were estimated to be £4 million annually for workplaces.⁹

Smoke-free laws do not harm the hospitality industry

Studies evaluating revenues and employment in the hospitality industry (e.g., restaurants, bars, and tourist establishments) before and after implementation of smoke-free laws consistently show no negative economic impact despite tobacco industry claims that smoking bans will harm the hospitality industry.

- A 2017 study examining sales, revenue, profit, and employment data collected from companies across 19 European countries found no significant negative effect on economic outcomes for restaurants, bars, and cafes in countries that implemented comprehensive smoking bans in comparison to companies in countries with no ban.¹⁰
- In 2016, the U.S. National Cancer Institute and the World Health Organization conducted an extensive review of the economic literature on tobacco control and concluded that all of the best-designed

studies establish that smoke-free laws “do not cause adverse economic outcomes from business, including restaurant and bars. In fact, smoke-free policies often have a positive economic impact on business.”⁶

- A 2014 meta-analysis of 39 studies conducted around the world examined the economic impacts of smoking bans on bars and restaurants and found that there were no substantial changes to employment or sales for the hospitality industry overall following implementation and that restaurants experienced small economic gains. The analysis also found that while bars experienced some initial negative impacts on absolute sales, these losses faded over time.¹²

Country by country, smoke-free laws have no negative economic effects on restaurants and bars.

- Ireland was the first country to pass a comprehensive smoke-free law in 2004. The overall economic impact of the ban on bars was negligible in the three years following implementation.¹²
- The year after Mexico City’s smoke-free law was adopted, there was no significant negative impact on revenues, wages and employment levels in restaurants, nightclubs, bars, and taverns. In fact, there were modest increases in wages and employment levels across all venues, and restaurants experienced a modest increase in revenue.¹³

- In Argentina, studies of the smoke-free laws in the city of Buenos Aires and four provinces showed that the laws did not negatively affect the sales at bars and restaurants. In the case of Buenos Aires, there is evidence that the smoke-free law led to a 7–10% increase in the sales at bars and restaurants. Further, there were no long-term negative effects on restaurant and bar sales in the province of Santa Fe over the two years following the smoking ban.^{14,15}
- Even in colder climates, smoke-free laws have little economic impact on the hospitality industry. In Norway, a study examining restaurant and bar revenues and sales found no significant short or long-term economic impact following implementation of the national smoke-free law.¹⁶

Smoke-free laws do not affect the tourist industry

- In the year after the passage of its comprehensive smoke-free law, New Zealand experienced a 1.5% increase in overseas visitors and a 3.3% increase in visitors’ expenditures.¹⁷
- In Cyprus, smoke-free legislation implemented in 2010 did not have a negative effect on tourism industry revenues in the year following the ban.¹⁸

KEY MESSAGES

- **Exposure to secondhand smoke increases healthcare and medical costs.**
- **Allowing smoking in workplaces decreases productivity and increases costs.**
- **Comprehensive bans on smoking do not harm the hospitality industry and may even have a positive impact.**

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