

# Issues facing Reynolds Tobacco and the tobacco industry

**R**J. Reynolds Tobacco Co. and the tobacco industry have been under increasing attacks by anti-smoking groups, bureaucrats and some members of the media. But Reynolds Tobacco is responding to these challenges.

The company is actively providing its viewpoint on issues ranging from the threat of an excise tax increase, to claims that second-hand smoke causes lung cancer in nonsmokers, to accusations that the we "spike" our cigarettes with nicotine to "addict" smokers. R.J. Reynolds believes it's time that the public hears both sides of these issues.

The company believes that most smoking issues can be resolved through accommodation, in finding ways in which smokers and nonsmokers can co-exist peacefully.

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RJRT encourages discussion and dialogue that will help resolve the issues without resorting to government intervention. The following information will give you an understanding some of the issues facing the company, and provide you with facts you can use in discussions with friends and neighbors.

## Federal excise tax

**W**ashington legislators are proposing a major cigarette excise tax increase to fund a national health-care program — as much as \$2 a pack increase.

Even a cigarette tax increase of 75 cents — which is what the Clinton Administration has proposed—means:

- 273,000 American jobs would be lost nationwide, including direct and indirect tobacco employment based on data from a Price Waterhouse study.
- More than 19,500 tobacco-growing jobs, representing \$119 million in earnings for those farmers, would be lost.
- Some 20,015 retail jobs would be cut and paychecks of \$308 million would be gone. (Note that 25 percent of all convenience store sales and profits come directly from the sale of cigarettes alone.)

- More than 5,500 wholesale jobs would be lost; a drop of \$180 million in payroll.
- A total of more than \$8 billion in paychecks would vanish.
- In 1993, smokers paid \$11.2 billion in local state and federal taxes on cigarettes.

The Clinton Administration's proposal to increase the federal excise tax on cigarettes by 75 cents a pack ignores some very important facts about tobacco's contribution to the American economy:

- A study conducted by one of the nation's most respected research organizations has concluded that increasing the cigarette tax is not warranted. The Congressional Research Service, (CRS), an independent research arm of the U.S. Library of Congress found that:
- "An increased cigarette tax as a method of financing health-care reform appears questionable on efficiency, budgetary and equity grounds."
- Although a cigarette tax increase would initially raise a large revenue, "it would finance a continually smaller share of health-care costs."
- Smokers already are paying their fair share in social costs at roughly current levels of taxes.

## Youth smoking

**R**JR believes kids should not smoke, period. While youth smoking has declined 35 percent in the last 15 years, some kids are still smoking. Studies show the major factors that influence underage smoking are:

1. peer influence;
2. parental guidance (or the lack of it);
3. access to cigarettes by youngsters.

For a number of years, the company has been actively involved in major efforts to reduce youth smoking.

- **Right Decisions Right Now** is an in-school program that uses a variety of materials, including posters, brochures and mini-courses, to help middle-school students learn how to make the right decisions about important life-style choices, including not smoking.

- Various **Right Decisions Right Now** materials are distributed to more than 10,000 schools, reaching more than 3.5 million children across the country.



- **Support the Law. It Works!** is an in-store program that

helps retailers teach their sales people how to screen customers and how to refuse to sell age-restricted products to

people who are underage.

- Actor Danny Glover helps promote **Support the Law** with in-school and retail visits, advertisements and public service announcements.
- The U.S. Jaycees have included **Support the Law** materials as part of a national program called JAYS (Jaycees Against Youth Smoking).

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### Advertising has little, if any, effect on a person's decision to start smoking.

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- **Support the Law** materials are currently being used in about 25,000 retail outlets. Claims that banning cigarette advertising will eliminate youth smoking are wrong. Studies consistently show that:
  - Advertising has little, if any, effect on a person's decision to start smoking.
  - Better voluntary enforcement of minimum-age-purchase laws currently on the books can reduce youth smoking by at least half.
  - Youth smoking exists, and in some cases, has increased in countries where cigarette advertising is totally banned. Claims that Camel advertising causes children to start smoking are false.
  - The average age of Camel smokers is 35.
  - Adult smokers 18 and older account for 98 percent of

Camel sales. (Office on Smoking and Health and Industry Sales Data)

- A recent Roper Poll of youths ages 10-17 reports that there is no evidence that Camel advertising creates any kind of positive image of smoking for youth.
- In June 1994, the Federal Trade Commission closed a much-publicized investigation of Joe Camel advertising's influence on youth. The Commission found no factual basis for the argument that the Joe Camel advertising campaign encourages youths to smoke.

## Secondhand smoke

**S**econdhand smoke is a complicated, controversial and emotionally charged issue with strongly held opinions on both sides.

During the past couple of years, there have been a lot of misconceptions about secondhand smoke — including claims that exposure to secondhand smoke is more dangerous than active smoking. But studies show that secondhand smoke is highly diluted — and on average, people are exposed to very small quantities of secondhand smoke.

The Environmental Protection Agency's announcement in 1993 that exposure to secondhand smoke causes lung cancer has

fueled the debate. Based on its analysis of statistical studies and on comparisons to active smoking, the EPA concluded that secondhand smoke is a known human carcinogen; causes about 3,000 nonsmoker lung cancer deaths per year; and increases the risk and/or severity of various diseases in children.

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### **The Congressional Research Service characterized the epidemiological evidence the EPA relied on as "weak" and "uncertain."**

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After reviewing the EPA report and process in detail, some scientists and commentators have concluded that the data do not justify the EPA conclusion. These scientists conclude that :

- Secondhand smoke has not been shown to cause lung cancer in nonsmokers.
- Claims concerning diseases in children have not fully accounted for all the factors that might be responsible for the observed effects.

Recently, the Congressional Research Service, an independent research arm of the U.S. Library of Congress, also characterized the epidemiological evidence the EPA relied on as "weak" and "uncertain."

RJRT principal scientist and board certified toxicologist Dr. Chris Coggins has performed

toxicological evaluations on tobacco smoke since 1976. Coggins has reviewed scientific data on the amount of secondhand smoke particles typically found in homes where smoking takes place.

Coggins found that animals exposed to secondhand smoke at concentrations hundreds of times higher than those nonsmokers are typically exposed to show no meaningful changes at all.

To put this exposure in perspective, (based on average secondhand smoke nicotine levels published in a scientific review), nonsmokers would be exposed to the following secondhand smoke equivalents:

- A nonsmoker living with a smoker:  $1\frac{1}{2}$  cigarettes a month.
  - A nonsmoking waiter: two cigarettes a month.
  - A nonsmoker sharing a modern office with a smoker:  $1\frac{1}{4}$  cigarettes per month.
- Estimates of cigarette equivalent

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### **To reach its conclusions, the EPA violated its own risk-assessment guidelines.**

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lents can vary depending on the component measured. And, cigarette equivalents may not precisely correlate with potential risk.

Because RJR is convinced that the EPA's claims about secondhand smoke are wrong, the company has joined others in legally challenging the agency. The lawsuit argues that the EPA's classification of secondhand smoke should be declared void for many reasons, including:

- The EPA's classification of secondhand smoke is invalid given the body of scientific evidence that is available.
- To reach its conclusions, the EPA violated its own risk-

### **Secondhand smoke exposure equivalents**

- In a month, a nonsmoker living with a smoker would, on average, be exposed to secondhand smoke equivalent to smoking approximately  $1\frac{1}{2}$  cigarettes.
- A nonsmoking waiter working eight hours a day, five days a week would, on average, be exposed to the equivalent of two cigarettes per month.
- A nonsmoker sharing a modern office with a smoker would, on average, be exposed to the equivalent of about  $1\frac{1}{4}$  cigarettes per month.

assessment guidelines.

- The EPA's conclusions are designed to encourage lawsuits and regulations that would force employers, restaurant operators and building owners to totally ban smoking.
- The EPA's treatment of secondhand smoke is inconsistent with its treatment of other suspected carcinogens. To reach its conclusion concerning secondhand smoke, the EPA relied, in part, on statistical calculations of "relative risk."

For reference, relative risk of 1.0 means no increased risk. The EPA determined that a relative risk of 1.19 represented a causal relationship between secondhand smoke and lung cancer. In contrast, the EPA decided the statistical evidence linking cancer with electromagnetic fields (e.g., living near high-voltage power lines) was "not strong enough to constitute a proven

causal relationship" largely because the EPA considered relative risks below 3.0 to be too weak.

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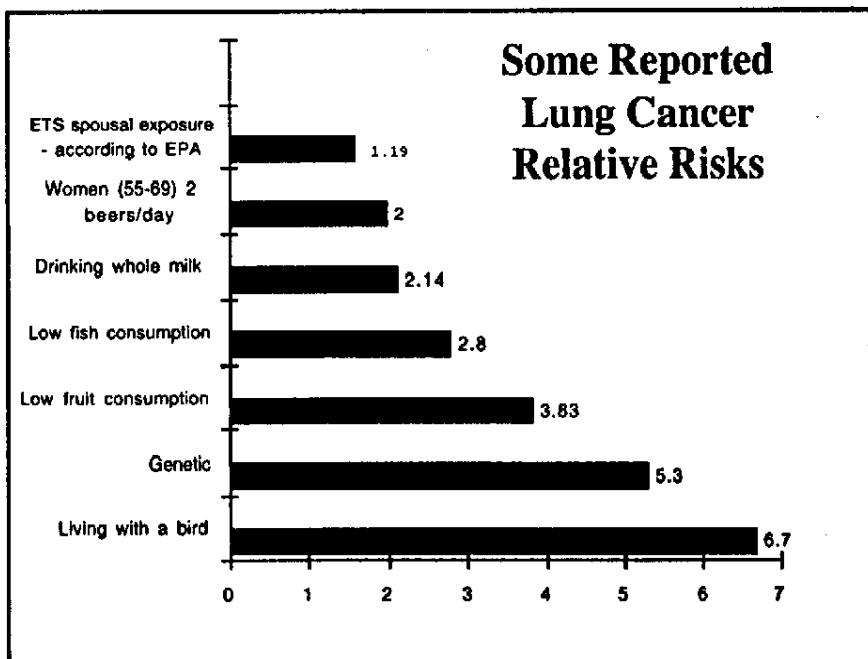
- It is important to put all risks in perspective. Many things people come into contact with every day — including many popular foods, alcohol, chlorinated water, automobile emissions, and even sand — have been reported to increase people's risk of disease or death. Depending on which study you read, some of these risks are considerably higher, and some lower, than the risk the EPA reports for secondhand smoke.

- Eliminating secondhand smoke will not necessarily prevent exposure to the types of contaminants found in secondhand smoke. Many of those contaminants are often found in the air from sources unrelated to smoking, including building materials, carpeting, furnishings, office equipment, fireplaces and cooking fumes.
- Smoking bans are not fair or necessary. Complaints about secondhand smoke can be greatly reduced — and in many cases, eliminated — through a variety of approaches including simple separation of smokers and nonsmokers; the use of partitions, portable air cleaners and designated smoking areas; and adequate ventilation.

Without a doubt, secondhand smoke can be annoying. And clearly, common sense should tell everyone not to expose very young children to high levels of secondhand smoke. In RJRT's view, the EPA's conclusions that secondhand smoke causes cancer in nonsmokers is not justified by the available evidence — and claims that secondhand smoke causes heart disease are equally unjustified.

### Smoking restrictions

The anti-smoking establishment, including federal bureaucrats and government officials, would like to ban smoking just about everywhere, including your own home if any



business is conducted there. The two most threatening proposals are:

- An Occupational Safety and Health Administration (OSHA) proposal. This proposal would ban smoking in virtually all "enclosed" workplaces. Smoking could legally take place only in specifically designed "non-work" areas that are ventilated to the outside.
- A bill introduced by California Congressman Henry Waxman. This legislation would essentially prohibit smoking in any public place that has at least 10 people entering it one day a week — unless building owners establish separate smoking areas that are exhausted outside.

Since most building owners would not go to the expense of establishing separate smoking



areas where no work could take place, these proposals essentially prohibit smoking in all public places. And under the OSHA proposal, if you pay someone to do work inside your home, you could be prohibited from smoking there while the person is working.

R.J. Reynolds Tobacco believes that these proposed regulations go too far. They place unnecessary compliance burdens on business, and they even invade the privacy of your home. There is no need for the federal govern-



**T**his Is Moe Funn  
Napkins highlighting humor are a part of the materials RJR supplies to restaurants, bars and hotels nationwide promoting peaceful coexistence of smokers and nonsmokers. On the back of the napkins is an 800 number so people can learn more about RJR's accommodation programs.

ment to further regulate smoking and put personal freedom at stake.

RJR encourages public places to provide both smoking and nonsmoking areas. A March 1994, *Gallup/CNN/USA Today* Poll confirms that most Americans prefer accommodation of both smokers and nonsmokers. The poll shows that a majority of Americans oppose banning smoking in public places. The poll indicates that:

- 86 percent of Americans believe that smoking should be legal;
- 61 percent of Americans oppose smoking bans in restaurants;
- 67 percent oppose workplace smoking bans; and
- 78 percent oppose bans in hotels and motels.

RJR has a Peaceful Coexistence program to help restaurants,

bars and hotels promote a sense of tolerance and cooperation among smokers and nonsmokers. A key feature of the program is the use of humor to deliver the coexistence message.

The company also produces a number of guides to help smokers and nonsmokers develop smoking policies that will accommodate both smokers and nonsmokers in the workplace.

## Cigarette ingredients

Ingredients have been added to cigarettes to improve their flavor, taste and aroma for 150 years. In response to incorrect and inflammatory claims about the company and its products, in early 1994, R.J. Reynolds released to the public the complete list of ingredients the industry uses in cigarettes.

Approximately 99 percent of the U.S. nonmenthol cigarettes, by weight, contain these primary ingredients: tobacco, water, sugars, moisturizing agents (glycerin, propylene glycol), licorice, cocoa and additional flavors, with tobacco being about 90 percent of the total.

**The experts concluded that every one of the ingredients added to cigarettes "are not hazardous under the conditions of use."**

Additional ingredients used for flavoring account for about two hundredths of a percent, by weight, of U.S. cigarettes.

The list of the industry's added ingredients falls into three main categories:

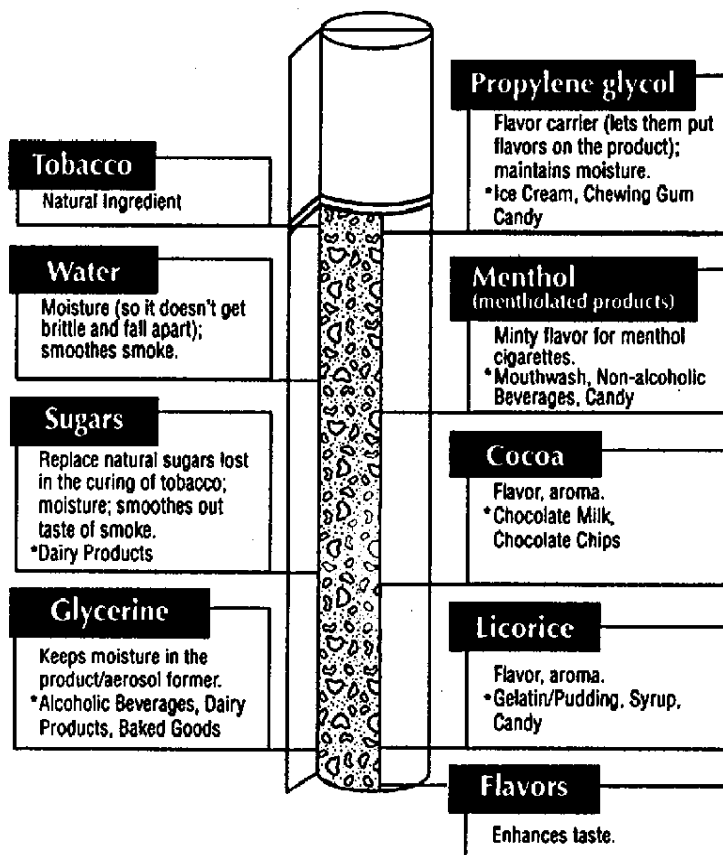
- Processing aids, which remain in the finished cigarettes in barely detectable amounts if they are found there *at all*. For example, carbon dioxide is used as a processing aid in the expansion or tobacco-puffing process; and ammonia is used to reduce sugar content in tobacco and smooth out taste.
- Humectants are added to keep tobacco from drying out. For example, water and glycerine are used to moisten tobacco.
- Flavoring agents are added for flavor, taste and aroma.

RJRT asked an independent panel of expert toxicologists to review every ingredient on the list of ingredients added to

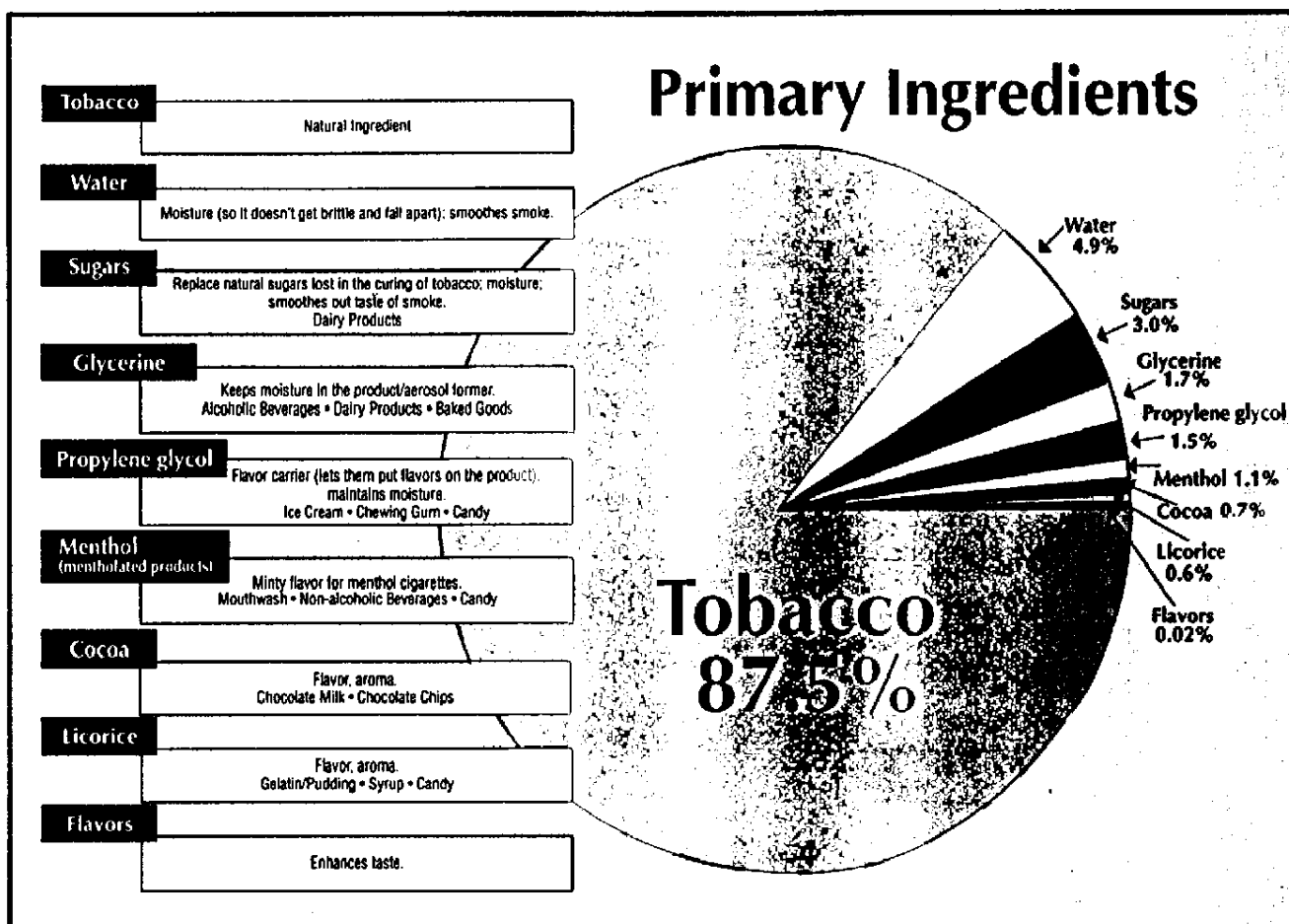
tobacco by all six major U.S. cigarette manufacturers. The experts concluded that every one of the ingredients added to cigarettes "are not hazardous under the conditions of use." The scientists' report said:

- Most ingredients are present at very low levels;
- Exposure to many of these flavor ingredients is, in fact, greater through diet than it is through cigarette smoking.
- Use of these ingredients has enabled manufacturers to develop cigarettes with lower "tar" and nicotine yields than would otherwise be available, and the primary issue in safety assessment is whether or not cigarettes are potentially hazardous as a result of the added ingredients. A careful analysis of the scientific data clearly indicates that this is not the case.
- More than 98 percent of the ingredients on the list are approved as food additives by the U.S. Food and Drug Administration, or have been given the status "Generally Recognized as Safe in Foods" by the FDA or other expert committees. The others have been approved for use in tobacco products by other governments.

# Primary Ingredients



\*Other products commonly containing these ingredients.



Industry critics have claimed that cigarette manufacturers withheld their ingredient lists from the public because they include harmful substances. However, the tobacco industry's ingredients list has been provided to the Office of Smoking and Health of the Department of Health and Human Services (HHS) every year since the passage of the Comprehensive Smoking Education Act of 1984. HHS also made the list available to several Congressional subcommittees during these years.

The 1984 Act provides that the Secretary of HHS review the list and report periodically to Congress in regard to the "health effects of ingredients added to tobacco" and whether any such ingredient ... poses a health risk

to cigarette smokers. No report has been submitted to Congress by HHS, and no issue regarding any health effect of cigarette additives has been raised with tobacco manufacturers by HHS.

### Nicotine content

**A**llegations have been made against the tobacco industry that manufacturers "manipulate" nicotine to "addict" smokers, and therefore, the Federal Drug Administration should regulate cigarettes as a drug.

Much of the controversy surrounding cigarette products has focused on use of various techniques that help RJR reduce the "tar" and nicotine yields in cigarette products. If Reynolds

Tobacco stopped using these techniques, the average cigarette would revert to 1940 levels of 40 milligrams of "tar" and 2.8 milligrams of nicotine — more than three times what the average is today.

R.J. Reynolds Tobacco Company does not "manipulate" nicotine to "addict" smokers any more than coffee manufacturers "manipulate" caffeine in their products. R.J. Reynolds wants to set the record straight:

- We do not "spike" our products with nicotine.
- We do not add or otherwise manipulate nicotine to "addict" smokers.
- In fact, the manufacturing process *reduces* the amount of nicotine in cigarettes.

- We do monitor and measure "tar" and nicotine yields because cigarette manufacturers are required by law to publish those figures in their advertising.
- We also monitor nicotine in order to maintain consistent taste and quality in our brands, which consumers expect.
- Nicotine plays an essential role in the overall smoking experience.
- It enhances the taste of smoke, the way it feels on the smoker's palate and contributes to smoking enjoyment.

## "Addiction" claims

During the past several years, there have been a wide variety of attempts to convince the American public that cigarettes are "addictive."

The allegation that smoking is "addictive" is part of a growing and disturbing trend that has destroyed the meaning of the term by characterizing virtually any enjoyable activity as "addictive," whether it is eating sweets,

## Clearly, cigarettes are not in the same class as addictive, mind-altering drugs such as heroine and cocaine.

drinking coffee, playing video games or watching television.

Some public officials have gone so far as to put cigarettes in the same class as heroin and cocaine.

- Clearly, cigarettes are not in the same class as addictive, mind-altering drugs such as heroine and cocaine. Would you rather board a plane with a pilot who has just smoked a cigarette — or with one who has just had a couple of beers, snorted cocaine, shot heroin or popped pills like amphetamines?
- Cigarette smoking does not prevent a smoker from thinking clearly and making reasoned decisions, including the decision to quit smoking.
- For some people, smoking

cigarettes is habit-forming — in the same way as other pleasurable activities such as eating your favorite foods, drinking coffee or soft drinks and watching TV.

- Almost 43 million Americans have quit smoking — most of them on their own, without any outside help.

## Prohibition

The anti-smoking industry has long called for a smoke-free society by the year 2000. Their recent barrage of attacks are clearly attempts at back-door prohibition. But prohibition is prohibition whether it comes in the front door or sneaks in through the back door. The anti-smoking industry is trying to bring about back-door prohibition in the following ways:

- Raising taxes to force smokers to quit smoking;
- Banning smoking in all public places — indoors and outdoors, including parks, workplaces and outdoor stadiums;
- Banning advertising so that new or better products can't be effectively introduced;
- Forcing manufacturers to make products that smokers find unsatisfying or unacceptable;
- Attacking every attempt by the industry to respond to public and smoker concerns;
- Advocating that the FDA regulate cigarettes as a drug, which would effectively ban cigarettes from the market.

## How you can help

If you want to write to your legislators on any of these issues, following are addresses:

President Clinton  
The White House  
Washington, D.C. 20500

The Honorable \_\_\_\_\_  
U.S. House of Representatives  
Washington, D.C. 20515

The Honorable \_\_\_\_\_  
United States Senate  
Washington, D.C. 20510