I am Shi Jian, a representative of the State Administration of Taxation of China. Thanks very much for the World Bank to invite me to attend this very important event. Due to visa issues, I am not able to attend the event in person. I would like to take this opportunity and share with all the colleagues the experiences of China’s tobacco taxation reform in 2015.

On May 11, 2015, the Chinese Government issued new policy measures for tobacco taxation, including: 1) increased the wholesale tobacco tax from 5% to 11%; 2) increased the specific tobacco tax to RMB 0.05 per cigarette; 3) increase the tobacco wholesale and retail prices at the same time.

Compared to the earlier tobacco taxation reform in 2009, the new reform appeared to be more effective, as both tobacco prices and tobacco taxation increased in 2015. This practice very well reflected the international good practices. The 2015 reform achieved good results in three aspects: 1) increased government revenue for over RMB 85 billion (equivalent to USD 13.5 billion), with immediate results. For example, right after the reform in May, tobacco taxes increased by 20.5%, 23.3% in June and July; 2) reduced the consumption and production of tobacco products. For example, the total consumption of tobacco products decreased by 2.3% in 2015 (or even about 6% in 2016); 3) the reform established a good imagine of the Chinese government, and it showed the government’s responsibility to the globe, in very well implementing the Article 6 of FCTC.

As we all know, there are 350 million smokers in China. If we can achieve an annual reduction rate of 1%, 3.5 million smokers will stop every year. In Chinese saying, the benefits are infinitely far-reaching. We anticipate more space for increasing the tobacco prices and taxes, under the leadership of the Chinese government. We look forward to bigger achievements and better results in the future. Thank you very much!