

11th July 2012

Rt. Hon Andrew Lansley MP
Secretary of State for Health
Department of Health
Richmond House
79 Whitehall
London
SW1A 2NS

Dear Secretary of State,

Re: CBI comments on standardised packaging of tobacco products

I write in response to the Government's consultation on standardised packaging of tobacco products, which is due to close shortly.

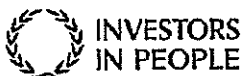
I should stress at the outset that the CBI has no mandate or wish to comment on the Government's public health agenda insofar as smoking is concerned. However, these proposals contain a number of points of wider concern for the CBI and its members which are important to highlight. In particular, we are concerned that these proposals may damage business confidence in the UK as an intellectual property (IP) hub, and we remain sceptical of whether they are consistent with the Government's better regulation agenda.

In this letter we argue that IP has a crucial role to play as a driver for economic growth in the UK; that businesses should be able to exploit their IP and brand value; and that it is important that new regulation is effective in achieving public policy goals.

IP has a crucial role to play as a driver for economic growth in the UK

IP has a crucial role to play in rebalancing and growing the economy. UK business investment in IP is worth at least £65 billion per year, and an increasing number of industries rely on IP to underpin their business models. Many businesses rely on IP to underpin their business model, such as through trademarks, and others have IP at the core of their product or service, which are supported by copyright or patents. These interests span the CBI's membership, including sectors as diverse as retail, consumer goods, pharmaceuticals and clean technology.

In order to continue attracting IP-rich firms to the UK, business must have confidence that the Government is fully committed to making the UK the best place to invest in, develop and exploit IP. This confidence could be bolstered in a number of ways, including taking a lead in calling for better IP enforcement measures internationally and ensuring that the significant investment that firms make in IP and other intangible assets is understood and taken account of in policy decisions across Government. In other words it is important for Government to champion IP and its role in



economic growth. We are concerned that the proposals in this consultation undermine the Government's support for IP and could set a precedent for how IP might be treated in subsequent proposals that affect the broader economy.

Businesses should be able to exploit their IP and brand value

While the focus of IP policy tends towards copyright and patents, trademarks and the investment that firms put in to brands are equally significant. An estimated one million people are employed in the UK in the creation and management of brands, accounting for 4 per cent of total employment, and approximately £32.55 billion (or 2.3 per cent of GDP¹) is spent on building up brands each year. This demonstrates the intrinsic value of brands, and their contribution to the UK economy.

We are concerned that the introduction of standardised packaging may undermine this intrinsic value, by limiting the ability of firms to invest in, use and exploit their brands. For example, the consultation's proposals to introduce 'prescribed colours for packaging' and to prevent businesses from using forms of branding including 'logos, colours or other features associated with the... brand' would prevent businesses from fully harnessing the potential of their brand, which may have fundamental importance for their business identity. This would create damaging uncertainty for other businesses with brand value at the core of their business.

It is important that new regulation is effective in achieving public policy goals

The proposed changes are far-reaching and so far untested in the UK or other countries. They would have a dramatic direct impact on the companies concerned and an indirect effect on the confidence of other companies that invest heavily in their brands. In this context, we would argue that it is particularly important that these proposals will be effective in achieving the desired public policy goal. A robust, evidence-based approach to new regulation forms the basis of Government's commitment to better regulation, and these proposals should demonstrably be able to pass this test.

I hope that this is useful in setting out the CBI's broader views at this important stage of the policy process.

Yours sincerely,



The CBI is the UK's leading business organisation, speaking for some 240,000 businesses that together employ around a third of the private sector workforce. Our mission is to promote the conditions in which businesses of all sizes and sectors in the UK can compete and prosper for the benefit of all. The CBI speaks on behalf of UK business interests, is established under Royal Charter and is funded by subscriptions made from companies and organisations that choose to join it. The CBI represents a wide range of businesses and organisations ranging in size and sector, including those that operate in the tobacco industry.

cc: John Alty
Mark Prisk MP
Baroness Wilcox

¹ British Brands Group, Westminster Business School Study on the Value of Brands to the Economy, 2008