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Regulatory Policy Committee
Department for Business and Trade
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August 18th, 2026

Dear [REDACTED]

Subject: Consultation Stage Impact Assessment – Standardised Packaging and Combined Health Warnings for Other Tobacco Products (OTPs)

I am writing on behalf of the Imported Tobacco Products Advisory Council (ITPAC) regarding the Department of Health and Social Care's (DHSC) July 2026 consultation stage Impact Assessment (IA) for the proposed extension of standardised packaging and combined picture health warnings to tobacco products beyond cigarettes and hand-rolling tobacco.

ITPAC represents 19 UK importers and distributors of other tobacco products (OTPs), including cigars, cigarillos, pipe tobacco and snuff. Our members are primarily small family-owned SMEs and micro-businesses, many of whom rely on OTPs for a substantial proportion of their revenue. These businesses operate in specialist retail channels, serve distinct adult consumer groups, and contribute materially to local employment and the Exchequer.

We have undertaken a detailed review of the IA insofar as it relates to OTPs, and in particular handmade cigars and pipe tobacco. Our analysis identifies several foundational evidential and methodological concerns that we believe warrant further scrutiny by the RPC as the proposal progresses.

1. Lack of product-category differentiation

The IA does not identify or assess handmade cigars, pipe tobacco or other OTPs as distinct product categories. Instead, they are subsumed within broad cigar and tobacco classifications even though these products differ materially from cigarettes and hand-rolling tobacco in terms of consumer profile, frequency and patterns of use, purchasing behaviour, specialist retail channels, price points and exposure to packaging. This lack of differentiation affects the baseline population, the behavioural evidence relied upon, the quantitative assumptions used to estimate benefits, and the assessment of impacts on specialist tobacconists and small

importers. The IA relies almost exclusively on cigarette-based evidence without demonstrating that behavioural mechanisms can be reliably transferred to handmade cigars. The same evidential gap applies equally to pipe tobacco, which is used by a niche, older demographic with stable consumption patterns and minimal exposure to packaging at point of use.

2. Absence of OTP-specific behavioural evidence

The IA identifies no direct evidence showing that standardised packaging or combined picture warnings materially change consumer behaviour for handmade cigars, pipe tobacco or other OTPs. The IA's central prevalence assumption is drawn from cigarette-focused expert evocation conducted before any real-world evidence was available, and it is not tested against OTP-specific experience in jurisdictions where comparable packaging requirements are already in force. This omission creates a significant evidential gap, undermining the reliability of the IA's estimated benefits and casting doubt on whether its behavioural assumptions are appropriate for products that are used infrequently, purchased deliberately, and consumed predominantly by older adults whose behaviour does not resemble that of cigarette smokers.

3. Implications for benefits analysis and SaMBA

The aggregate benefits analysis does not identify the incremental benefit attributable to handmade cigars, pipe tobacco or other OTPs, and the Small and Micro Business Assessment (SaMBA) relies on broad business classifications and uniform-sales assumptions that risk averaging away the concentrated impact on genuine specialist tobacconists and small importers. These businesses operate in a niche market where sales volumes are low, margins are tight, and compliance costs are disproportionately high. Several of the issues we have identified closely resemble weaknesses that the RPC has previously treated as material in its scrutiny of other impact assessments, which further highlights the need for closer examination.

4. Parliamentary scrutiny and unresolved category concerns

During parliamentary scrutiny of the Tobacco and Vapes Bill, now an Act, Peers specifically highlighted the distinct characteristics of handmade cigars and the specialist retail market and also raised concerns about the treatment of pipe tobacco and other OTPs. The Minister pointed to the consultation and IA process as the mechanism through which these concerns would be addressed, yet the present IA does not resolve the underlying category issues that were raised at that stage.

5. Transparency, evidence quality and Article 5.3

ITPAC members have previously been told by DHSC that Article 5.3 of the Framework Convention on Tobacco Control prevents engagement with the OTP sector. This interpretation is overly restrictive and inconsistent with both the FCTC guidelines and the UK's Better Regulation Framework (BRF), which emphasise transparency, proportionality and evidence-based policymaking informed by affected stakeholders, particularly SMEs. A robust IA requires

understanding the impacts on diverse stakeholders and excluding OTP businesses risks undermining the quality and completeness of the evidence base. This is particularly concerning given that DHSC has openly acknowledged that it does not hold detailed economic data on the OTP sector, despite the sector's contribution to employment, tax revenue and specialist retail viability.

Request for RPC engagement

Given the potential significance of these issues for the final IA, we respectfully request the opportunity to meet with you and colleagues from the Secretariat to discuss our analysis of the consultation-stage IA, the appropriate scope for further RPC scrutiny, and the evidential requirements for a proportionate and category-appropriate assessment of OTPs. We would be pleased to work around your availability and to provide any additional evidence or data that may assist the Committee or Secretariat.

Thank you for considering these concerns. We look forward to engaging constructively as the proposal progresses.

Yours sincerely,

[Redacted signature]

[Redacted name]

[Redacted title]

Imported Tobacco Products Advisory Council

(ITPAC)

[Redacted address line 1]

[Redacted address line 2]

<u>ITPAC MEMBERS – COMPANY NAME</u>	<u>CONTACT NAME</u>	<u>E-MAIL ADDRESS</u>
• Barkers of Harrogate	[REDACTED]	[REDACTED]
• Bright Leaf Distribution Ltd	[REDACTED]	[REDACTED]
• Bull Brand Ltd	[REDACTED]	[REDACTED]
• C.Gars Ltd	[REDACTED]	[REDACTED]
• Davidoff Distribution (UK) Ltd	[REDACTED]	[REDACTED]
• Gawith Hoggarth TT Ltd	[REDACTED]	[REDACTED]
• Hunters & Frankau Ltd	[REDACTED]	[REDACTED]
• Global Leaf Ltd	[REDACTED]	[REDACTED]
• Ritmeester Cigars	[REDACTED]	[REDACTED]
• Scandinavian Tobacco Group (UK) Ltd	[REDACTED]	[REDACTED]
• Tabac World	[REDACTED]	[REDACTED]
• Tor Imports	[REDACTED]	[REDACTED]
• Trident Military Cigars	[REDACTED]	[REDACTED]
• Kiskeya Limited	[REDACTED]	[REDACTED]
• 1573 Cigars Ltd	[REDACTED]	[REDACTED]

June 2026

IA Critique – Other Tobacco Products (OTPs): Handmade Cigars, Pipe Tobacco, Snuff & Cigarillos

Executive Summary

Other Tobacco Products (OTPs) including handmade cigars, pipe tobacco, snuff and cigarillos form small, highly specialised segments of the UK tobacco market. Their consumers, purchasing environments, usage patterns, price points and exposure to packaging differ substantially from those associated with cigarettes and hand-rolling tobacco. As your attached document notes, *“these products are principally consumed by older adults and relatively small groups of the population”* and therefore require product-specific regulatory treatment. This is already reflected in existing UK labelling rules, which differentiate between individually wrapped cigars and larger cigar packs.

Against this backdrop, the July 2026 consultation-stage Impact Assessment (IA) does not assess OTPs as distinct categories. This omission is particularly concerning given that Parliament explicitly raised the need for category-specific analysis during scrutiny of the Tobacco and Vapes Bill. Peers highlighted the unique characteristics of handmade cigars and other OTPs, questioning the adequacy of applying broad regulatory powers without evidence directed to these products. The Minister responded that further impact assessments would accompany secondary legislation. Despite this, the consultation-stage IA again aggregates OTPs into broad cigar or tobacco categories, failing to provide the product-specific scrutiny that both existing regulation and parliamentary debate require.

This foundational category error affects every part of the IA: its evidence base, behavioural assumptions, quantitative modelling, benefits analysis and Small and Micro Business Assessment (SaMBA).

1. Failure to identify and assess OTPs as distinct product categories

The IA does not identify handmade cigars, pipe tobacco, snuff or cigarillos as distinct product categories. The proposals apply standardised packaging and combined picture warnings to all cigars, cigarillos and pipe tobacco, and introduce picture warnings on individually wrapped cigars and larger cigar packs. These products are directly affected, yet the IA does not disaggregate or analyse them separately.

This is not a minor classification issue. Pipe tobacco is used by a niche, older demographic with stable consumption patterns and minimal exposure to packaging once stored. Snuff is used by a small, specialised consumer base with distinct behavioural characteristics. Handmade cigars are purchased infrequently, often individually, and stored in humidors where external packaging is not seen again. These differences materially affect the role packaging plays in product selection and the likelihood that changes to packaging or warnings will influence behaviour.

Pipe tobacco and snuff exhibit even more pronounced behavioural differences that the IA does not acknowledge. Pipe tobacco users typically select blends based on flavour, cut, moisture and aroma, often storing the product in jars or tins that eliminate any ongoing exposure to external packaging. Snuff users consume extremely small quantities from containers that are not displayed publicly and are handled only briefly during use. These products are not “pack-led” in the way cigarettes are, and packaging plays little to no role in product selection, usage patterns or behavioural change. The IA does not examine these distinctions or explain

why packaging-based interventions would be expected to influence behaviour among pipe-tobacco or snuff users.

Published evidence reinforces the importance of these distinctions. Studies by the US FDA's Center for Tobacco Products and the National Academies identify markedly lower frequency of use, distinct consumer characteristics and different purchasing behaviours among handmade premium-cigar users compared with cigarette smokers. Pipe tobacco and snuff users exhibit similarly distinct patterns. The IA does not examine these differences or explain why they do not affect the validity of its analysis.

These differences are also reflected in the regulatory history of OTPs. Pipe tobacco and snuff have long been treated differently from cigarettes and other tobacco products under both EU and UK law, including distinct excise structures, labelling rules and market definitions. Existing regulation recognises their niche consumer base, low frequency of use and limited exposure to packaging. The IA does not explain why products historically subject to differentiated regulatory treatment should now be regulated identically to cigarettes, nor does it assess whether such harmonisation is justified or proportionate.

Without disaggregation, the IA cannot establish a reliable OTP-specific baseline or the size and characteristics of the populations to which its assumptions are applied.

2. Unjustified reliance on cigarette and hand-rolling tobacco evidence

The IA relies almost entirely on evidence concerning cigarettes and hand-rolling tobacco to predict the effects of the proposals on OTPs. It acknowledges that evidence for OTPs is limited and states that cigarette evidence has been used as a proxy, but it does not demonstrate that the behavioural mechanisms observed for cigarettes can reasonably be transferred to handmade cigars, pipe tobacco, snuff or cigarillos.

Cigarettes are high-frequency products sold through mass-market channels, with consumers viewing the same pack multiple times per day. OTPs are purchased infrequently, often individually, through specialist channels, and stored in ways that limit exposure to external packaging. Snuff users do not exhibit cigarette-like behavioural patterns. These differences materially affect packaging exposure and the likelihood that changes to packaging or warnings will influence behaviour.

The IA does not examine these differences or explain why cigarette-based evidence provides a valid basis for predicting OTP behaviour. It therefore cannot establish that cigarette-related changes in noticing, recall, perceptions or stated intentions will translate into sustained changes in OTP initiation, consumption or cessation.

The IA also does not consider that OTPs have no meaningful youth-use relevance. Handmade cigars, pipe tobacco, snuff and cigarillos are overwhelmingly consumed by older adults, with negligible uptake among younger age groups and no evidence of youth experimentation or gateway behaviour. The behavioural mechanisms underpinning cigarette-focused evidence—such as youth appeal, peer influence, brand imagery and pack visibility—are not present for OTPs. The IA does not demonstrate any youth-risk pathway for these products, further weakening the rationale for applying packaging interventions designed primarily to address youth initiation.

OTPs are also characterised by an older, stable consumer base with long-established preferences and low switching behaviour. Handmade-cigar, pipe-tobacco and snuff users

typically maintain consistent consumption patterns over many years, selecting products based on tradition, ritual, flavour and specialist advice. These demographic and behavioural characteristics materially limit the likelihood that changes to packaging or warnings will influence initiation, frequency of use or cessation. The IA does not examine these differences or incorporate them into its behavioural assumptions.

3. Modelling assumptions do not compensate for the absence of OTP-specific evidence

The IA applies a central 1.9% prevalence-reduction assumption derived from cigarette-focused expert evocation conducted before real-world evidence was available. It does not test this assumption against OTP-specific experience in jurisdictions where comparable packaging requirements already apply. Varying the assumed effect in sensitivity analysis does not resolve the underlying deficiency: the IA varies the size of the assumed effect without establishing that the effect exists for OTPs in the first place.

This evidential gap undermines the reliability of the IA's benefit estimates and raises questions about whether its behavioural assumptions are appropriate for products used infrequently, purchased deliberately and consumed predominantly by older adults.

4. Combined health warnings

The evidential weaknesses in the IA are even more pronounced in relation to combined health warnings. The proposal would extend picture warnings to individually wrapped cigars and cigarillos, and to larger cigar packs that currently carry text-only warnings. The relevant question for the IA is therefore not whether health warnings can be useful in general, but whether replacing text-only warnings with combined picture and text warnings on these specific products will meaningfully alter knowledge, perceptions or behaviour among handmade-cigar consumers and other OTP users.

The IA does not address that question. Its discussion of combined warnings relies almost entirely on studies involving cigarette smokers and cigarette warning labels. These studies are used to support claims about risk awareness, warning salience, relapse prevention and the general effectiveness of picture warnings. However, the IA identifies no evidence showing that combined warnings influence initiation, frequency of use, cessation or any other behavioural outcome among handmade-cigar consumers, nor does it identify evidence demonstrating such effects among cigar smokers more broadly or among pipe-tobacco or snuff users.

As a result, the IA has not established that evidence drawn from cigarettes and hand-rolling tobacco provides a valid basis for predicting the effects of combined health warnings on OTPs. It has not shown that the behavioural mechanisms observed for cigarette smokers operate in the same way for handmade-cigar consumers, pipe-tobacco users or snuff users, nor has it provided a reliable basis for estimating the scale of any effect. On the evidence presented, cigarette-based proxy evidence cannot support the IA's assumptions about the effectiveness or claimed benefits of introducing combined picture warnings for OTPs.

- Packaging format differences

The IA also does not consider the diverse packaging formats used across OTPs, including tins, pouches, jars, tubes, boxes and individual wraps. Standardised packaging requirements may not be technically feasible for certain formats or may require entirely new packaging solutions that impose disproportionate costs on small manufacturers and importers. The IA does not

assess these practical implementation challenges or their implications for the feasibility, cost and proportionality of applying combined picture warnings to OTPs.

The RPC has previously treated the suitability and transferability of evidence as a red-rateable issue. In its red-rated opinion on the Digital Markets, Competition and Consumers Bill, the Committee found that evidence supporting a behavioural intervention had not been shown to be representative or appropriate, questioned whether evidence from one context could be applied to another, and required the department to explain the origin and applicability of its assumptions and the contribution of the individual measure. The same analytical requirement applies here: where cigarette and hand-rolling-tobacco evidence is used to justify interventions for OTPs, the IA must demonstrate that the evidence is relevant, transferable and capable of supporting the behavioural assumptions on which the policy depends.

5. Why the IA's aggregate benefits analysis cannot justify including OTPs

Because OTPs are not identified and assessed separately, the IA cannot isolate the benefits attributable to their inclusion in the preferred option. It assesses benefits only at the level of the package, combining assumed reductions from standardised packaging across different tobacco products with estimated quits attributable to pack inserts. It therefore cannot show what benefit would be lost if OTPs were excluded or treated differently, or whether any such benefit is proportionate to the costs imposed on these niche segments.

6. SaMBA averages away the businesses most exposed

The IA's failure to identify OTPs as distinct product categories flows directly into its Small and Micro Business Assessment (SaMBA). A SaMBA is intended to determine whether a proposal imposes disproportionate burdens on small or micro businesses and to assess how those concentrated impacts could be mitigated. In this case, however, the IA's reliance on broad industrial classifications and sector-wide averages prevents it from identifying or analysing the businesses most exposed to the proposed measures namely, specialist tobacconists and small importers whose turnover is heavily dependent on handmade cigars, pipe tobacco, snuff and cigarillos.

A central flaw in the SaMBA is its reliance on an incorrect definition of "specialist tobacconist". The IA treats approximately 1,700 businesses listed under SIC 47.26 ("Retail sale of tobacco products in specialised stores") as specialist tobacconists, of which 1,695 are small or micro businesses. This figure is drawn from ONS/Nomis data, but SIC 47.26 is only an industrial classification and does not reflect the legal definition used in UK tobacco regulation. The statutory definition appears solely in the Tobacco and Related Products Regulations 2016 (TRPR), Regulation 2(1), which defines a specialist tobacconist as "*a shop selling tobacco products where more than half of the sales are tobacco products other than cigarettes.*" This definition is materially narrower because it requires that over 50% of sales derive from OTPs such as cigars, pipe tobacco, snuff, cigarillos and smoking accessories. By contrast, SIC 47.26 includes any retailer selling tobacco products, even where cigarettes dominate sales. The IA does not establish how many of the 1,700 SIC-coded businesses meet the statutory test. Industry evidence indicates that the true number of specialist tobacconists is significantly smaller, meaning the IA has materially overstated the size of the specialist-tobacconist population and understated the concentration of exposure among the businesses most dependent on OTPs.

The IA compounds this definitional problem with an unsupported assumption about sales distribution. Because it lacks data on the proportion of OTP sales attributable to businesses of different sizes, it assumes that sales of products in scope are distributed uniformly across all retailers. Industry evidence contradicts this assumption. Sales of handmade cigars, pipe tobacco and snuff are heavily concentrated through specialist tobacconists and small importers, with some specialist retailers deriving up to 70% of their turnover from OTPs. Treating sales as uniformly distributed spreads economic activity that is highly concentrated among a small number of OTP-dependent businesses across a much larger retailer population.

Combined with uncertainty over the true number of specialist tobacconists, this prevents the SaMBA from assessing the severity of the proposal's impact on the businesses most exposed.

The IA's averaging exercise cannot cure these defects. Costs for small and micro retailers are estimated by applying their 67% share of the retailer population to aggregate costs and assuming common profit margins across retailer sizes. Yet the IA itself acknowledges that specialist tobacconists may suffer higher profit losses because many of the products they sell fall within scope and they have limited ability to offset losses through sales of other goods. The IA does not quantify this recognised disproportionate impact or account for differences in sales concentration, product dependence, stockholding, margins or capacity to absorb sustained losses. As a result, the SaMBA's averages obscure consequences far more serious than the modest costs presented. Any reduction in OTP sales, whether or not the IA's behavioural assumptions are accepted, would fall disproportionately on highly dependent specialist tobacconists and small importers and could pose a material risk to their commercial viability. The SaMBA neither assesses that risk nor identifies how many businesses could be exposed to it.

Even on its own terms, the SaMBA's headline retailer cost estimate is internally inconsistent. Table 65 reports a total cost of £1,517 per small or micro retailer, yet its five component figures total £1,421. The stated aggregate cost of £59.9 million divided by the IA's estimate of 42,139 affected businesses also produces approximately £1,421. The IA provides no explanation for this discrepancy. This inconsistency further undermines confidence in the transparency and reliability of the SaMBA. More fundamentally, even a mathematically correct average would not answer the relevant SaMBA question because the IA has neither established how many businesses meet the statutory definition nor accounted for the concentration of OTP sales among those most exposed.

The IA also fails to assess less burdensome alternatives. Within its SaMBA, the IA considers only a blanket exemption for all small and micro manufacturers or retailers and rejects that option because small and micro businesses comprise 67% of retailers. It does not examine more targeted mitigation or scope options for the businesses most exposed, such as differentiated treatment for OTPs, warning-only requirements, phased implementation, specialist-channel arrangements or other measures designed to reduce concentrated impacts. By defining the alternative so broadly, the IA avoids assessing the forms of mitigation most relevant to OTP-dependent businesses.

The RPC has previously treated the failure to compare credible, less burdensome alternatives as sufficient to render an IA not fit for purpose. In its red-rated opinion on the Decent Homes Standard, the RPC found that extensive evidence of the underlying problem did not compensate for the absence of a viable shortlist and a structured comparison demonstrating that the preferred option outperformed alternatives on cost-effectiveness, compliance, risk and

sequencing. Here, rejecting a blanket exemption for all small and micro businesses does not establish that uniform application to OTPs is preferable to the more targeted mitigation options identified above.

The SaMBA therefore does not perform its essential distributional function. It acknowledges that specialist tobacconists may be disproportionately affected but relies on assumptions and averages that prevent the scale of that impact from being measured. DHSC must establish how many businesses counted under SIC 47.26 satisfy the statutory specialist-tobacconist definition, what proportion of OTP sales is attributable to that subset and what costs that subset bears. Until it does so, the IA cannot demonstrate that concentrated impacts have been properly assessed, mitigated or justified.

OTP supply chains also differ materially from those of cigarettes. Many handmade cigars, pipe-tobacco and snuff products are manufactured by small European and Caribbean manufacturers and a significant proportion of OTP importers are micro-businesses with limited capacity to absorb compliance costs. OTPs have longer stockholding cycles, meaning packaging changes impose disproportionate write-off costs on businesses that hold inventory for extended periods. The IA does not examine these supply-chain characteristics or assess how they amplify the concentrated impact of the proposed measures on OTP-dependent SMEs.

The RPC's red-rated opinion on the Social Housing Bill provides a close parallel to this distributional failure. It rejected an inadequately justified business-size proxy and an aggregate SaMBA where affected businesses, fixed costs, transaction volumes, internal capacity and available mitigation differed materially. It required the department to assess the absolute and relative burdens on distinct businesses rather than rely on aggregate conclusions. DHSC's reliance on a broad industrial-classification proxy and uniform-sales assumption similarly prevents it from determining the actual relative burden and potential viability risk for genuine specialist tobacconists and OTP-dependent SMEs.

7. Inappropriate reliance on international comparators (Australia, New Zealand and Canada)

The IA's reliance on international experience, particularly from Australia and Canada, does not provide a reliable evidential basis for predicting the effects of the proposed measures on OTPs in the United Kingdom. As your attached document notes, *"Australia and Canada have fundamentally different retail structures, regulatory histories and routes to market for cigars, pipe tobacco and snuff."* Neither jurisdiction has a specialist tobacconist sector comparable to the UK's, nor do they have the same concentration of niche retailers whose business models depend heavily on premium cigars and pipe tobacco as an example.

Australia's market is dominated by mass-market outlets and uniform distribution channels. Canada's cigar market is smaller, less specialised and shaped by provincial regulatory regimes that differ markedly from the UK's. These structural differences mean that consumer behaviour, purchasing patterns, exposure to packaging and the commercial impact of packaging interventions cannot be assumed to operate in the same way as in the UK. The IA does not examine these differences or explain why evidence from markets without a comparable specialist retail environment can be reliably applied to OTPs sold through the UK's unique distribution channels.

Without such analysis, international comparisons cannot support the IA's assumptions about the effectiveness or proportionality of the proposed measures for OTPs in the UK.

Taken together, these examples reveal more than a simple shortage of OTP-specific research. They show that the IA does not provide a systematic or balanced assessment of the evidence relevant to the proposed interventions. It aggregates materially different products and consumer groups, overlooks findings and qualifications that weaken its rationale, and fails to test its assumptions against real-world experience in jurisdictions where comparable requirements already apply to OTPs. While the cited studies may demonstrate that tobacco products can cause harm or that packaging and warnings influence certain intermediate outcomes among cigarette smokers such as warning salience, risk awareness or perceived pack appeal, they do not establish that standardised packaging or combined health warnings will materially change behaviour among OTP users, whether handmade-cigar consumers, pipe-tobacco users, snuff users or cigarillo smokers. Without a more complete and balanced evaluation of the evidence, the IA cannot provide a reliable basis for its conclusions about the effectiveness of either measure for any OTP category.

Conclusion

Taken together, these deficiencies mean that the evidence and analysis do not support the case for applying the preferred option to handmade cigars, pipe tobacco, snuff or other OTPs. The IA should therefore not be regarded as fit for purpose in its treatment of these categories. A final IA must identify and assess OTPs separately, examine the distinct characteristics of their consumers and usage patterns, and provide a reliable evidential basis for predicting the effects of the proposed measures on these niche segments.