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THE ASSOCIATED PRESS April 29, 2010, 11:32AM ET

Australia proposes tough cigarette packaging rules

By KRISTEN GELINEAU

SYDNEY

Australia said Thursday it will force tobacco companies to strip all logos and color from their packaging, a move that will leave cigarette packs decorated with only a few words and graphic warning images of shriveled, diseased lungs or gangrenous toes.

The government said the move would make Australia the world's toughest country on tobacco advertising and is aimed unashamedly at driving more people away from the habit.

"The new branding for cigarettes will be the most hard-line regime in the world and cigarette companies will hate it," Prime Minister Kevin Rudd told a news conference at which he waved a mock-up packet bearing a large photo of a gangrenous foot.

Health groups and anti-smoking campaigners welcomed the plan. The tobacco industry condemned it, with one manufacturer threatening to sue on the ground that it infringed intellectual property rights.

Under the plan, tobacco companies would no longer be allowed to print their logos, promotional text or colorful images on cigarette packages, and their brand names would be relegated to tiny print at the bottom. Legislation would be introduced to Parliament that would bring the plan into effect on July 1, 2012, Rudd said.

He also announced an immediate 25 percent tax hike on tobacco products, driving up the price of a pack of 30 cigarettes by more than 2 Australian dollars (\$1.85) to around AU\$15.

Rudd said the government's tough anti-smoking stance was justified because of the high costs to the community of treating smoking-related illnesses in the health costs.

Other countries, including Britain and Canada, have considered plain packaging restrictions, but none has passed the measures. And Australia's attempt isn't a sure bet because of the possibility of legal action, experts said.

Jonathan Liberman, a legal adviser to the International Union Against Cancer, said the Australian plan would be watched closely in other countries.

"I don't think there's any doubt at all that other countries will follow," he said. "It's an incredibly important global precedent."

Smoking rates have been declining in Australia for years, and restrictions on smoking in public places are commonplace, from offices to restaurants and bars.

Tobacco advertising on billboards and in magazines has been banned for years, and the country is a strong supporter of a 2003 World Health Organization treaty to slash tobacco use.

Dr. Susan Mercado, WHO's tobacco control adviser for the Western-Pacific region, said the Australian move was an unusually bold step.

"The move toward a complete ban on brands is radical and trailblazing," she said in an e-mail to The Associated Press. "In this sense, Australia has a real breakthrough that will inspire other countries to take bolder measures to curb the tobacco epidemic, and sends a strong signal to policymakers and legislators that political resolve can be mustered to truly regulate the tobacco industry."

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The tobacco industry's influence on policymakers in the Western Pacific region often creates resistance to strong measures to regulate the product, she said. For example, less than half of the countries in the region, including China, have pictorial warnings on cigarette packages, she said.

Imperial Tobacco Australia, which distributes several well-known cigarette brands in Australia, said the new rules would infringe on its intellectual property rights by devaluing its trademarks, and would hinder the right of consumers to choose among legally available products.

The company said it would take legal action if necessary.

"Plain packaging has not been introduced in any country in the world and there is no evidence to support the government's notion that this will reduce consumption," it said in a statement.

The Australian constitution requires that the government pay compensation to anyone from whom it takes or devalues property, including intellectual property such as trademarks.

Opinion was divided about whether the intellectual property argument would work.

Tim Wilson, an intellectual property and free trade expert at Australia's Institute of Public Affairs, said tobacco companies were almost certain to demand compensation.

"I'd be shocked if they didn't, because if it happens here, it'll happen all over the world," he said. He estimated that the compensation bill could end up being around AU\$3 billion a year.

But The Australian National University legal expert Matthew Rimmer said the government has international law on its side.

The World Trade Organization's TRIPS agreement, which sets minimum standards for intellectual property regulation, allows member states to adopt measures that address concerns of public health and nutrition, said Rimmer, who wrote a paper urging plain packaging of cigarettes in 2008.

"Intellectual property rights do not provide absolute rights," Rimmer said. "For instance, you can't get a trademark in something that is contrary to law."

Rudd dismissed the tobacco industry's threats.

"The government will not be paying any compensation to any tobacco company anywhere," he said.

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