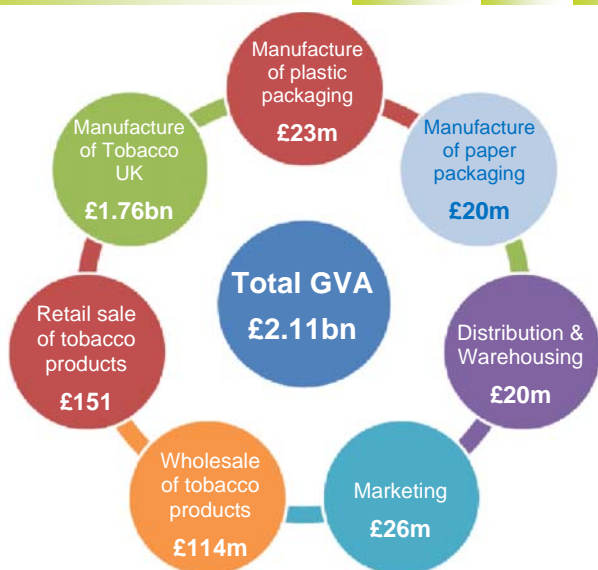


Tobacco Industry in the UK



Economic Importance¹

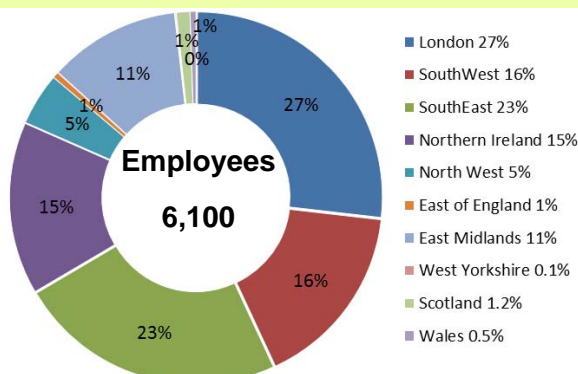
Industry	Turnover £ / bn	GVA* £ / bn	GVA per Employee £
Manufacture of tobacco products	10.96	1.76	269,000
Retail sale of tobacco products in specialised stores	0.58	0.1	16,000
Wholesale of tobacco products	1.7	0.10	100,000
UK Manufacturing	512.7	153.1	61,002



GVA- Gross Value Added: the difference between the value of goods and services produced and the cost of raw materials and other inputs which are used in production.

The Workforce

Employees by Nation²



The tobacco industry **directly supports over 6,100 people** in high value jobs. Cogent estimates that industry indirectly supports around **53,000 jobs elsewhere in the economy** - 20,000 in the supply chain, 33,000 in distribution, retail and forward linkages**.

Four companies lead cigarette and tobacco sales in the UK and internationally, these are British American Tobacco UK Ltd, Gallaher Ltd (a member of the JTI group of companies); Imperial Tobacco Ltd; Japan Tobacco International and Philip Morris International. They collectively employ 99% of UK direct tobacco industry workers.

Headlines

- Tax revenue from tobacco in 2012/2013 amounted to £11.7bn, which included contribution of around **£9.6bn in excise duty** and **£2.1bn in value-added tax (VAT)** to the UK economy^{4,2}.
- Tobacco smuggling costs the UK taxpayer an estimated **£2b per annum** (mid-point estimate)^{4,2}.
- The tobacco sector contributes about **£2bn GVA** to the UK economy which is **equal to 1% of the total UK Manufacturing GVA**.
- **For every £1m, spent by the industry**, an additional **£1.67m is supported in the rest of the economy** through backward linkages³.
- The industry is knowledge intensive, annually investing around **£158m in R&D** and **£52m in capital expenditure** in the UK⁶.
- Tobacco industry **productivity per employee is £269,000** according to Cogent estimates.
- **Median earnings per week of tobacco industry employees (£800)** is 62% higher than UK manufacturing (£496).

The tobacco industry **directly supports over 6,100 people in high value jobs** and indirectly supports around 9 times as many in the UK.

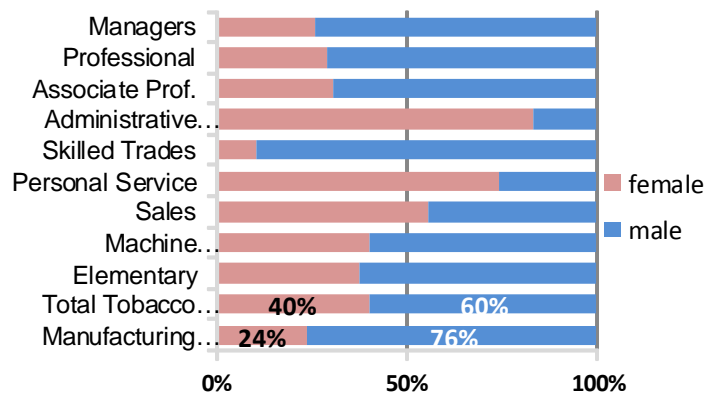
In 2012, the industry **managed pensions for over 40,000 of its former and current employees** in the UK.

1. Annual Business Enquiry (ABI) 2012-data released June 2013, Office of National Statistics (ONS) 2014. Updated estimates by Cogent.
2. Tobacco Manufacturers Association (TMA) 2014
3. Cogent Industry Estimate- (estimated from national data, ABI, LFS, HRMC, BIS...etc)

4. Tobacco bulletin 2014, HM Revenue and Customs (HMRC)
5. Working Futures 2007-2017, UKCES

** **Forward Linkages:** Distribution chain connecting a producer or supplier with the customers.

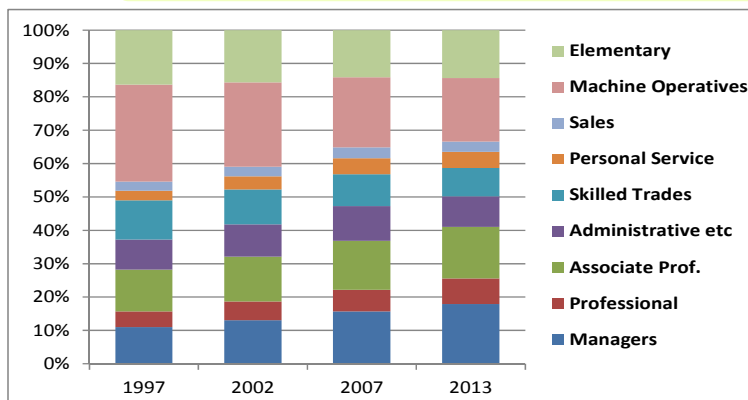
Gender Profile by Occupation⁵



The tobacco industry workforce is gender balanced - **40% Female; 60% Male**. Corresponding figures for UK manufacturing are **24% Female; 76% Male**.

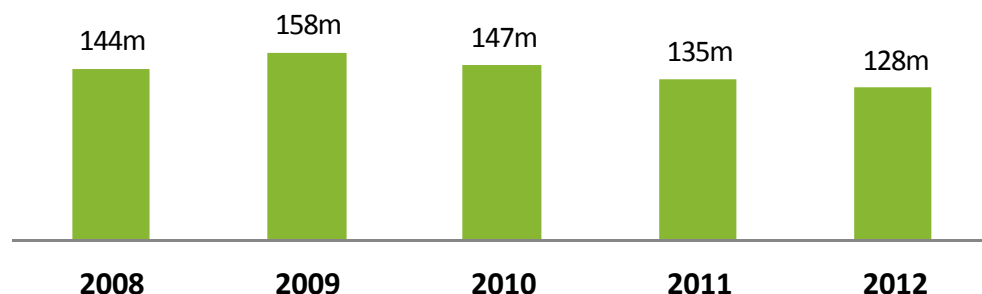
Change in Occupational Composition⁵

Direct jobs in tobacco industry are increasingly highly skilled, around **38% of the workforce are employed in higher level skill occupations**



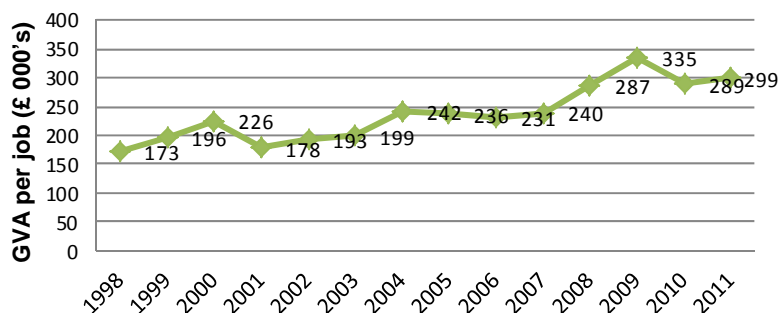
R&D Spend^{6,3}

The industry is knowledge intensive, annually investing around **£128m in R&D** and **£52m in capital expenditure** in the UK⁶.



Labour Productivity^{1,8} / Value of Jobs⁷

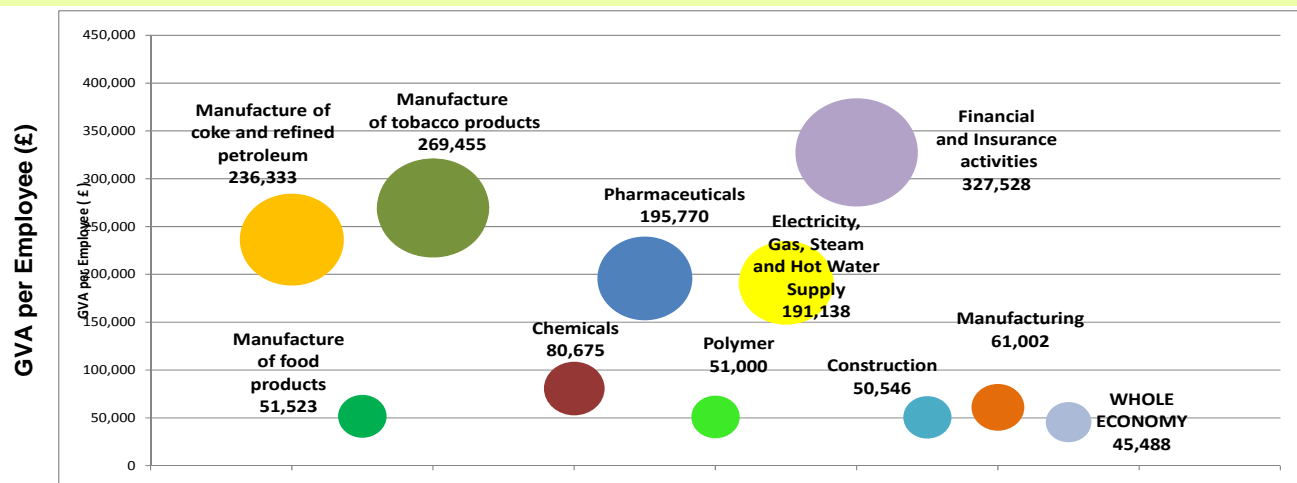
Approximate Labour Productivity⁸ (GVA per job at current price)



Value of Jobs - Weekly pay 2012⁷

	Weekly pay Gross (£) Median
ALL EMPLOYEES- UK	405.8
All Manufacturing	496.0
All Service Industries	385.7
Manufacture of tobacco products	800.7

Labour Productivity Comparison¹ (Current price approximate GVA per employee.)



6. R&D Scoreboard (2008-2010) BIS 2012, updated by Cogent estimates.

7. Annual Survey of Hours and Earning (ASHE) 2012, published July 2014.

8. Annual Business Survey-Productivity Measures -data released June 2013, ONS. Not directly comparable with Cogent (2014)

Standard Industrial Classification Code - 12 (SIC code: 12)

TMA: <http://www.the-tma.org.uk>

Developed by Cogent SSC: <http://www.cogent-ssc.com/>

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