

tobacconomics

Economic Research Informing Tobacco Control Policy

Tobacco Taxation in the Era of the Sustainable Development Goals

Frank J. Chaloupka, University of Illinois at Chicago


High Level Meeting on Tobacco Tax and Sustainable Development

10 May 2017, Kathmandu, Nepal


DEVELOPMENT IN PRACTICE

Curbing the Epidemic

Governments and the
Economics of Tobacco Control



A WORLD BANK PUBLICATION




WHO FRAMEWORK CONVENTION ON TOBACCO CONTROL

Guidelines for implementation of Article 6

Price and tax measures to reduce the demand for tobacco

Adopted by the Conference of the Parties at its sixth session (decision FCTC/COP6(5))

Online version available at http://www.who.int/fctc/treaty_instruments/Guidelines_article_6.pdf



International Agency for Research on Cancer
World Health Organization

IARC HANDBOOKS OF CANCER PREVENTION
Tobacco Control

Volume 14


Effectiveness of Tax and Price Policies for Tobacco Control

2011

The International Tobacco Control Policy Evaluation Project


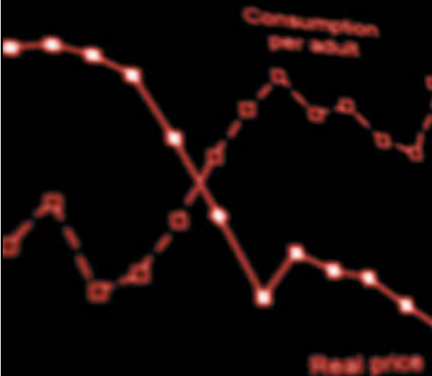
Tobacco Price and Taxation

ITC Cross-Country Comparison Report



MARCH 2012

UNIVERSITY OF WATERLOO





Consumption per adult



Real price

Tobacco control in developing countries

editors | Prabhath Jha | Frank Chaloupka




WHO Technical Manual on Tobacco Tax Administration

WHO REPORT ON THE GLOBAL TOBACCO EPIDEMIC, 2015

Raising taxes on tobacco

fresh and alive
mpower



NATIONAL CANCER INSTITUTE

21

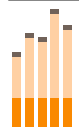
NCI TOBACCO CONTROL MONOGRAPH SERIES

The Economics of Tobacco and Tobacco Control

IN COLLABORATION WITH
WORLD HEALTH ORGANIZATION

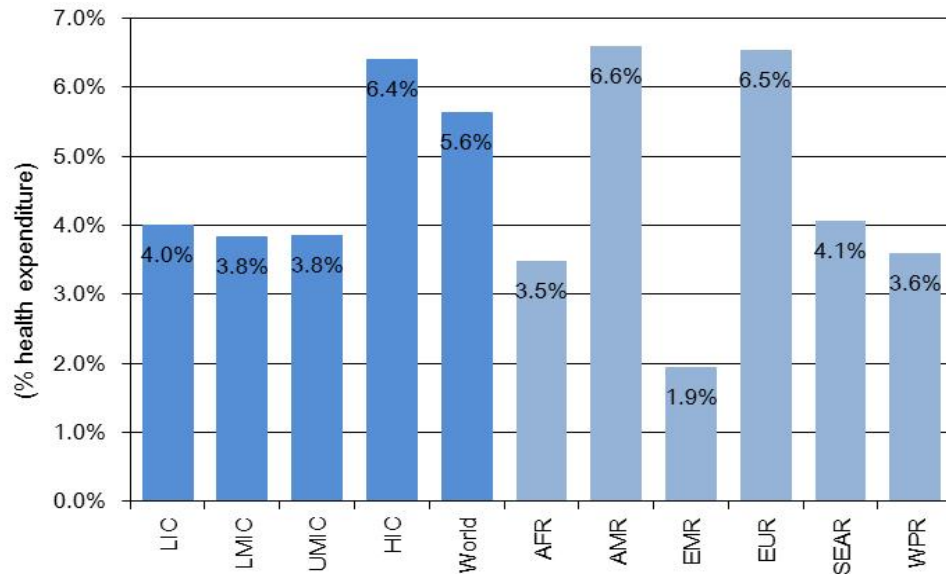
Executive Summary

U.S. Department of Health & Human Services | National Institutes of Health

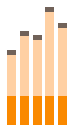


Economic Impact of Tobacco Use

- Tobacco use single largest contributor to NCDs
- Significant spending on health care to treat diseases caused by tobacco

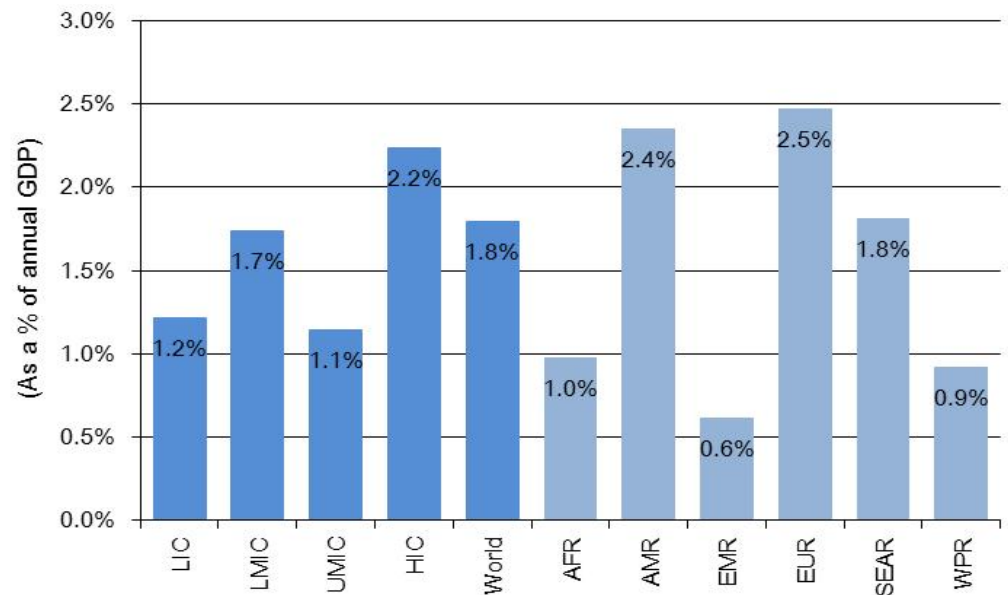


Source: Goodchild, et al., 2017

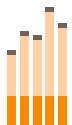


Economic Impact of Tobacco Use

- Enormous economic costs from tobacco use
 - Over \$1.4 trillion in health care costs, lost productivity globally

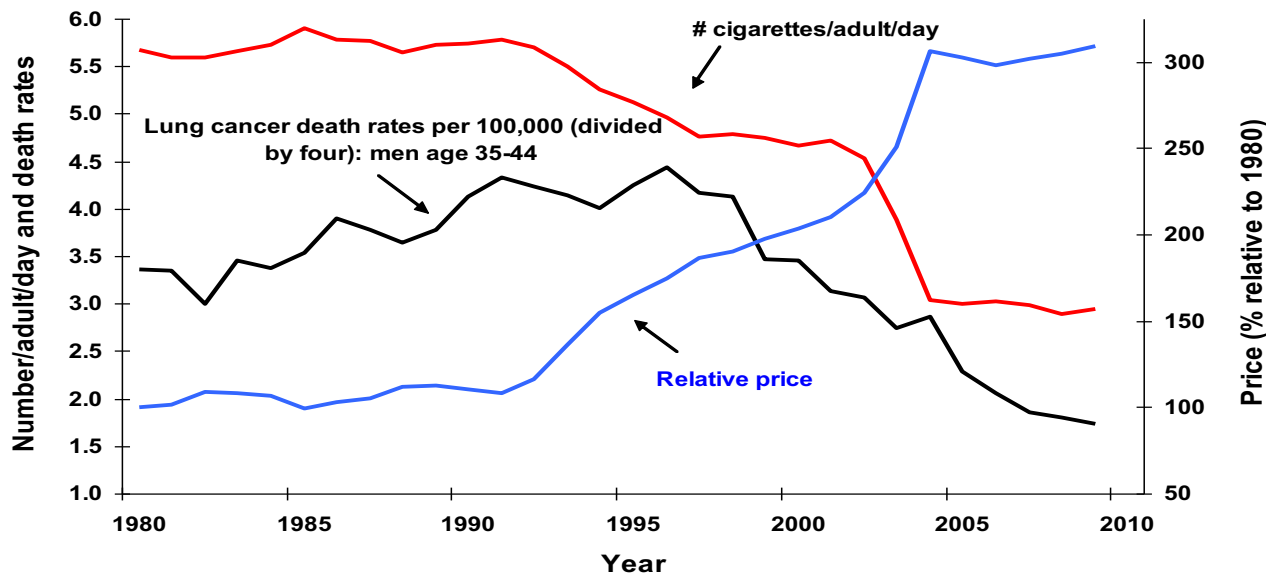


Source: Goodchild, et al., 2017

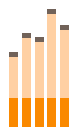


Impact of Taxes on Tobacco Use

Significant tobacco tax increase are single most effective policy for reducing tobacco use and its health and economic consequences

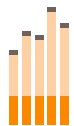
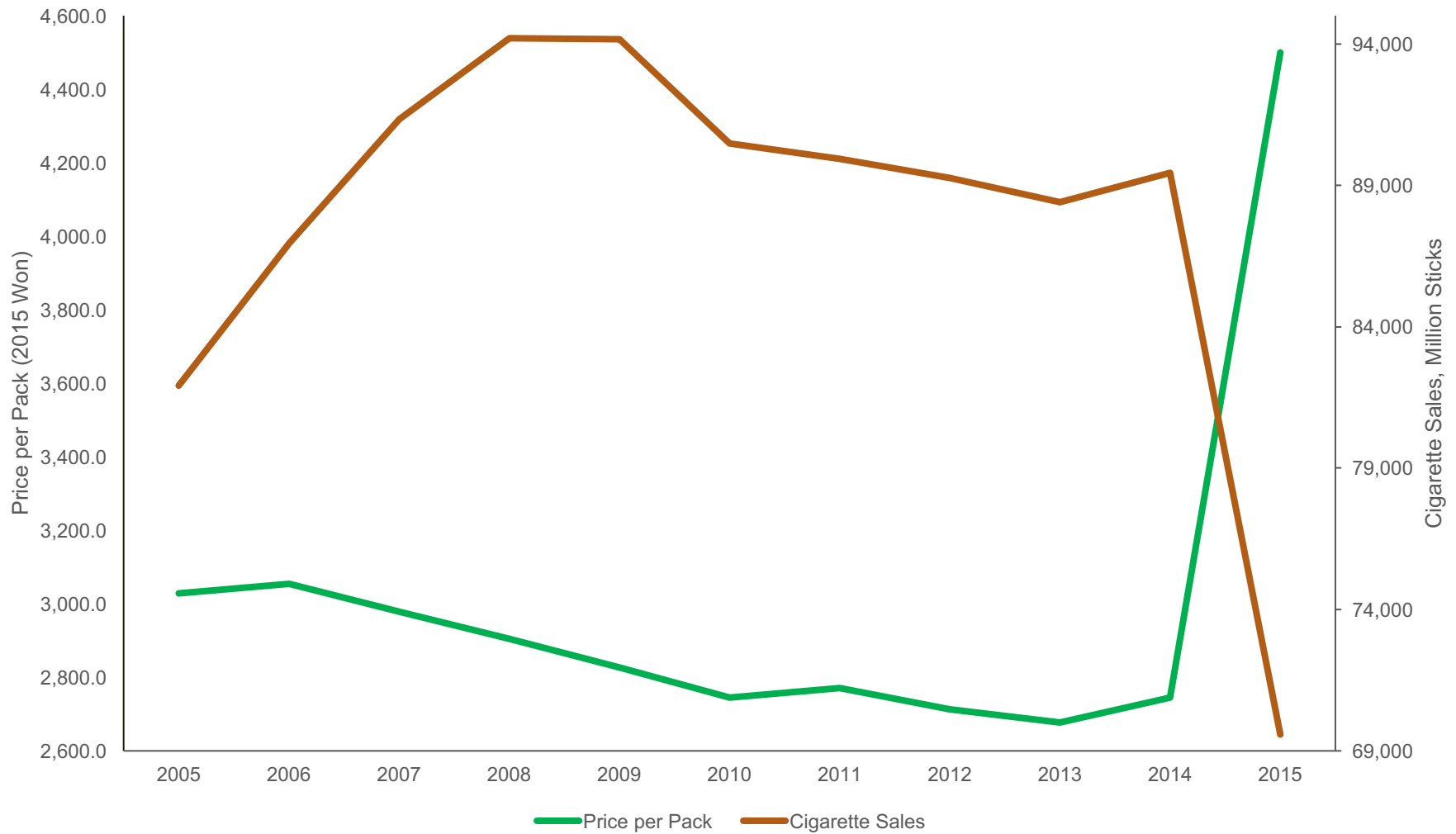


Sources: NCI & WHO, 2016; Jha & Hill, 2012



Cigarette Price & Consumption

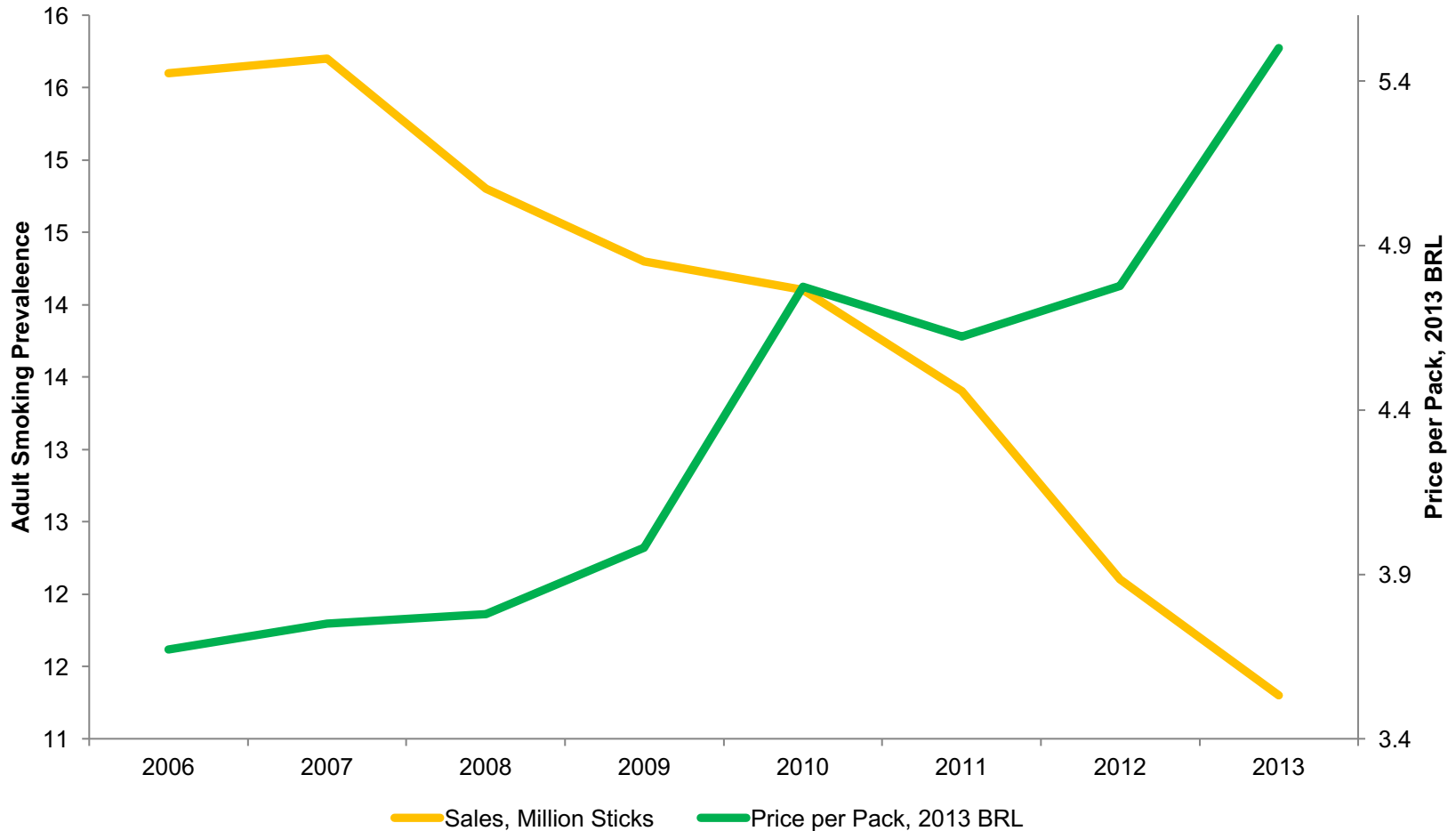
Republic of Korea, 2005-2015, Inflation Adjusted



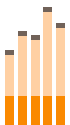
Sources: EIU, Euromonitor, and World Bank

Adult Smoking Prevalence & Price

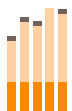
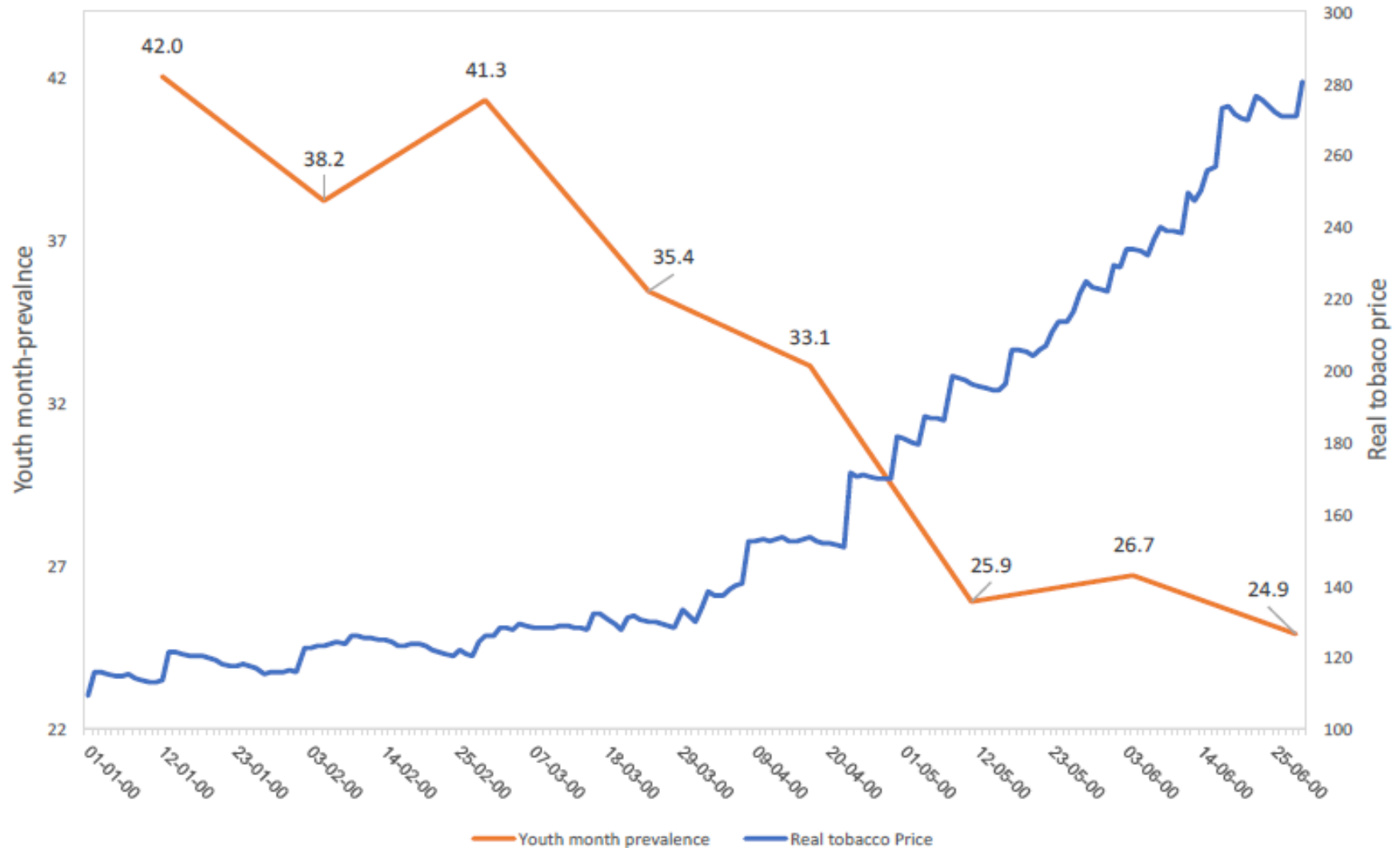
Brazil, Inflation Adjusted, 2006-2013



Sources: Ministry of Health, Brazil; EIU; World Bank



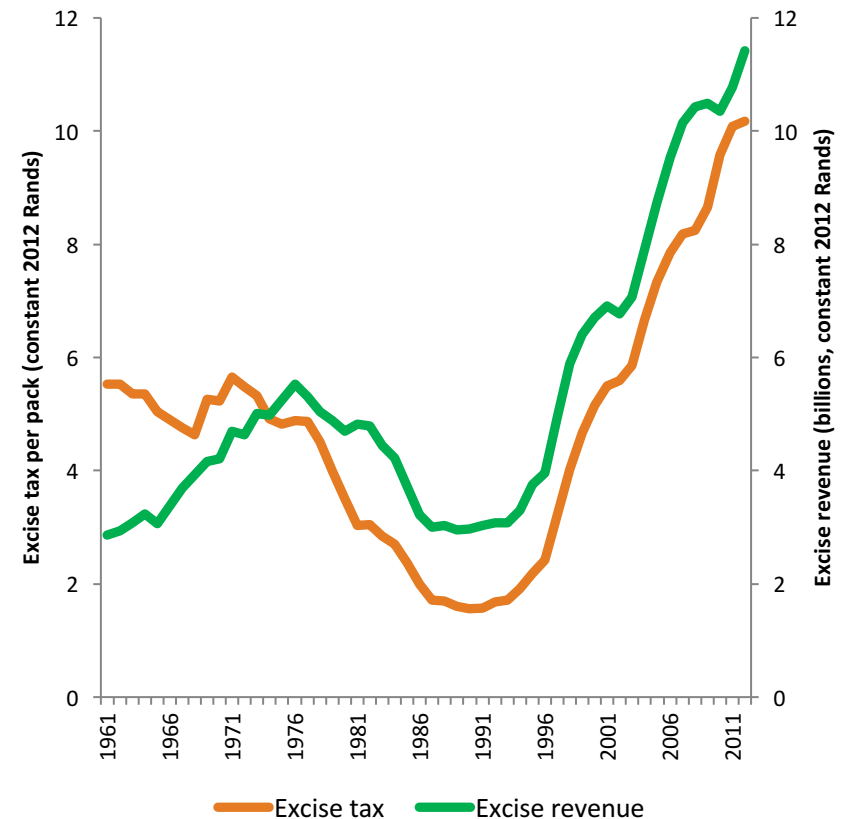
Cigarette Price & Youth Smoking Prevalence Chile, 2000-2015



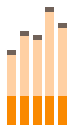
Impact of Taxes on Revenues

- Higher tobacco taxes very effective in generating new tax revenues
- Dedication of some tax revenues to tobacco control and other health promotion programs adds to the health impact of tax increases

Excise Tax per Pack and Excise Tax Revenue, South Africa, Inflation Adjusted, 1961-2012



Source: NCI & WHO 2016



Tobacco Taxes and Revenues

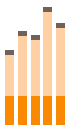
- The Addis Ababa Action Agenda states:
“... price and tax measures on tobacco can be an effective and important means to reduce tobacco consumption and health-care costs, and represent a revenue stream for financing development in many countries”



FINANCING FOR
DEVELOPMENT

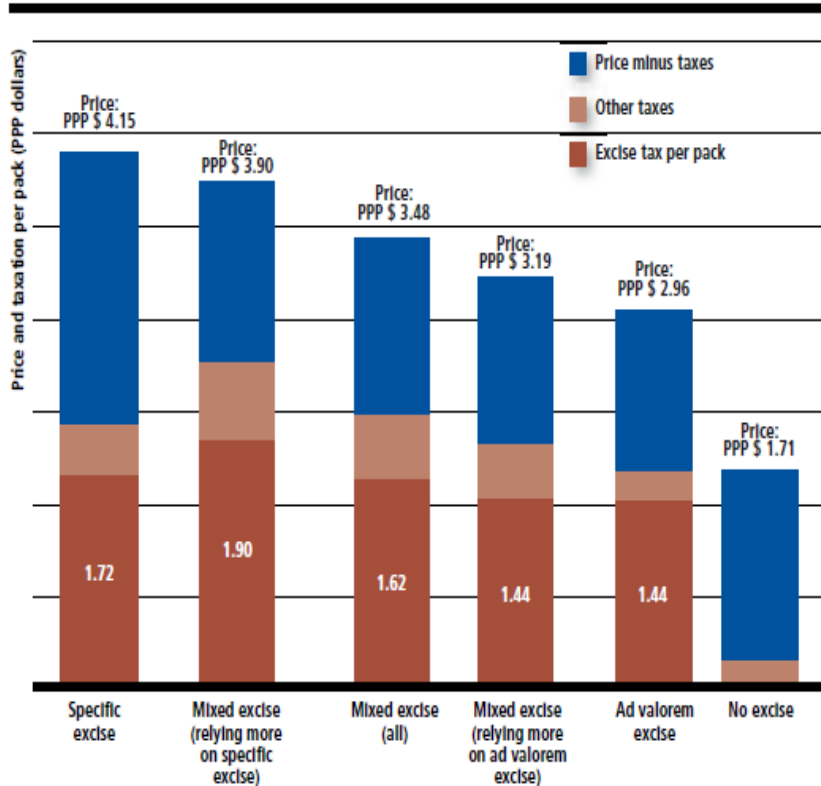
13-16 JULY 2015 • ADDIS ABABA • ETHIOPIA

TIME FOR GLOBAL ACTION



Tax Structure Matters

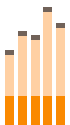
WEIGHTED AVERAGE PRICES AND TAXES PER PACK BY TAX STRUCTURE



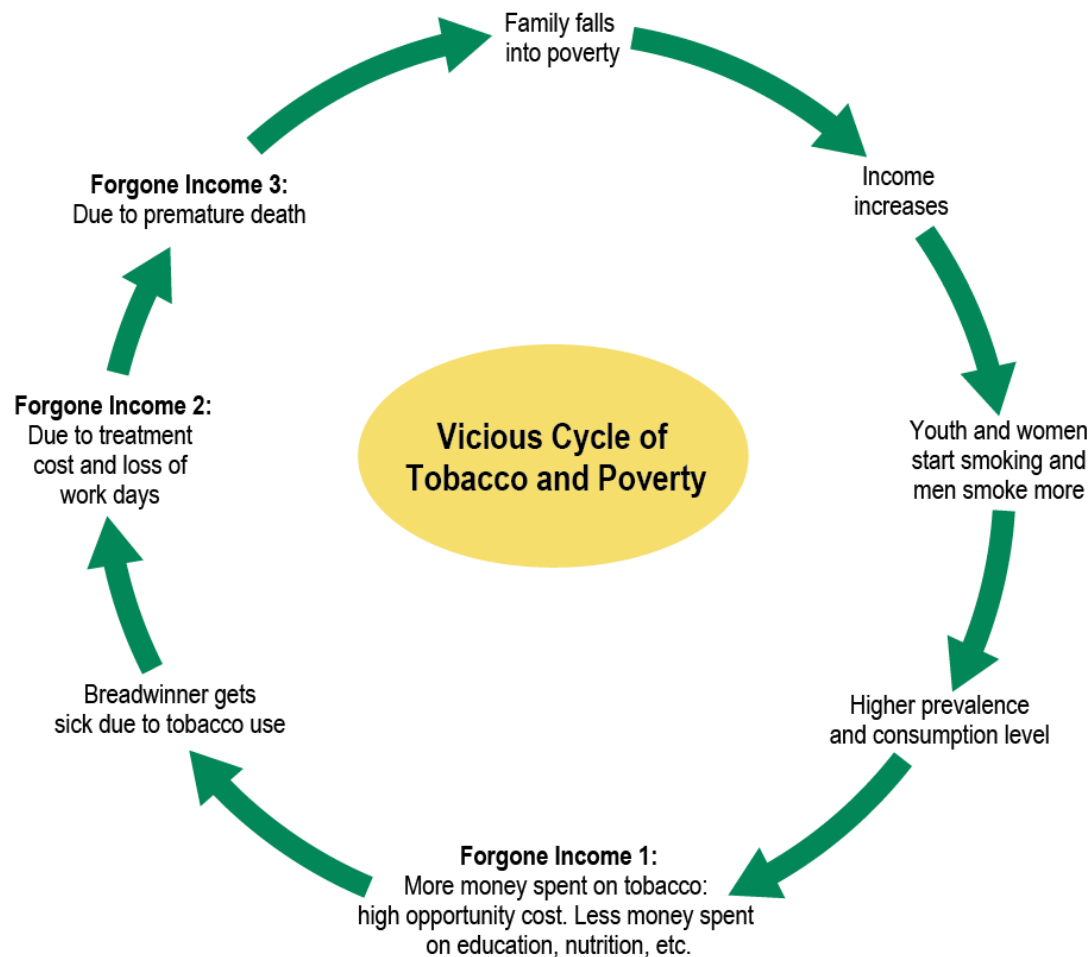
Note: Averages are weighted by WHO estimates of number of current cigarette smokers in each country. Prices are expressed in Purchasing Power Parity (PPP) adjusted dollars or international dollars to account for differences in the purchasing power across countries. Based on 53 high-income, 98 middle-income and 29 low-income countries with data on price of most sold brand, excise and other taxes, and PPP conversion factors.

Source: WHO 2015

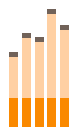
- High, uniform specific taxes most effective in achieving health and revenue goals
- Need to adjust specific tax for inflation and income growth in order to reduce affordability,



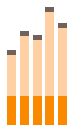
Tobacco Use & Poverty



Source: NCI & WHO 2016

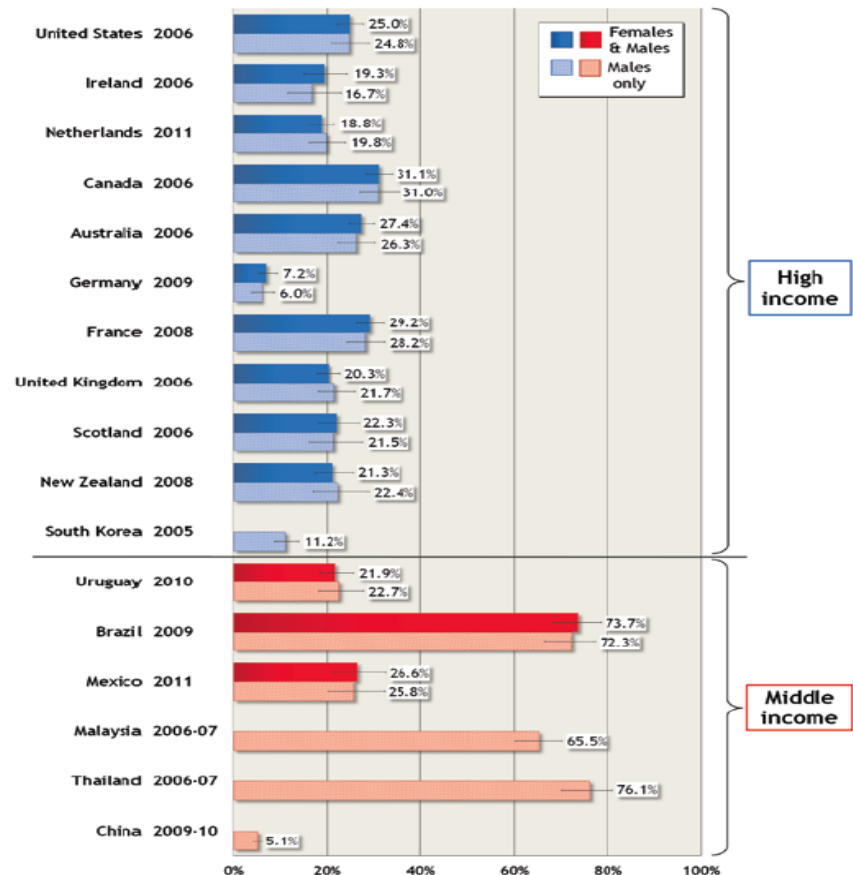


Crowding Out by Tobacco

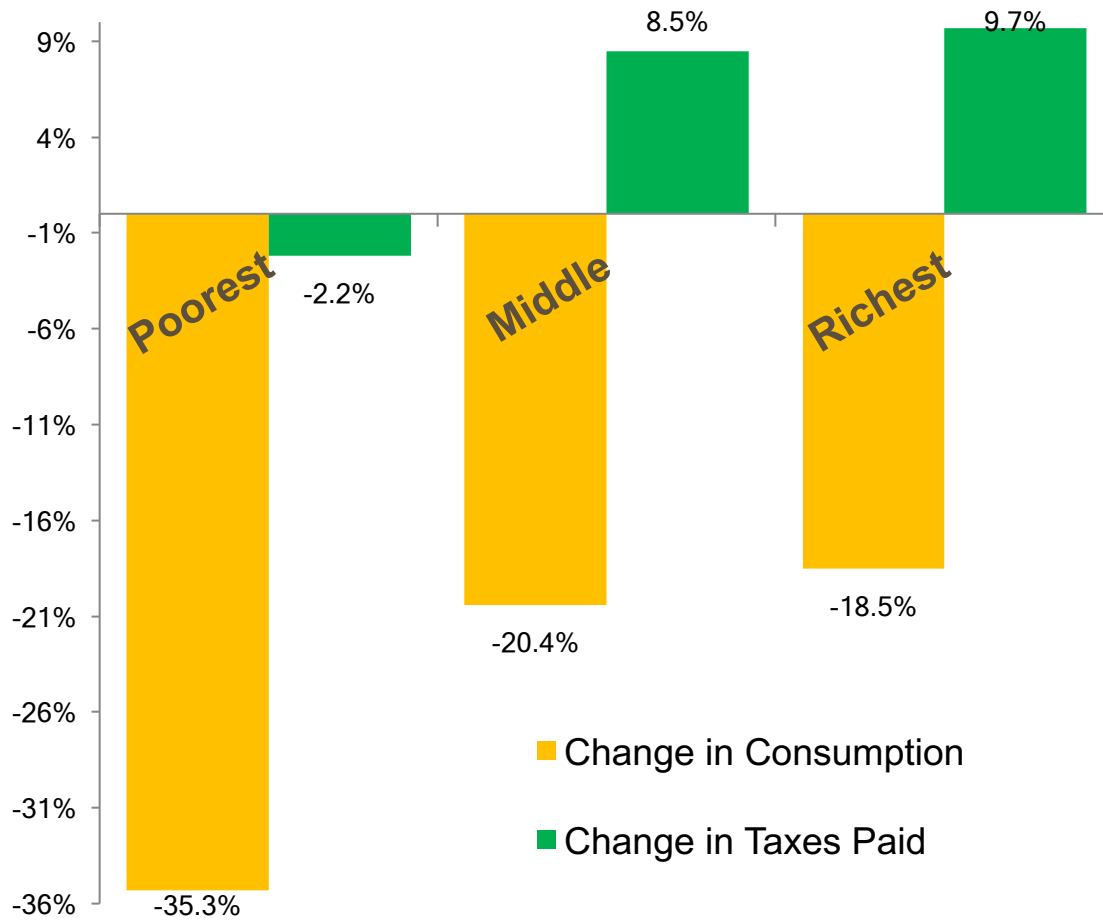


Spent Money on Cigarettes Instead of Essentials

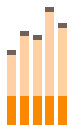
Figure 2. Percentage of smokers who spent money on cigarettes instead of household essentials, such as food, in the last 6 months, by country



Tobacco Taxes Reduce Inequity

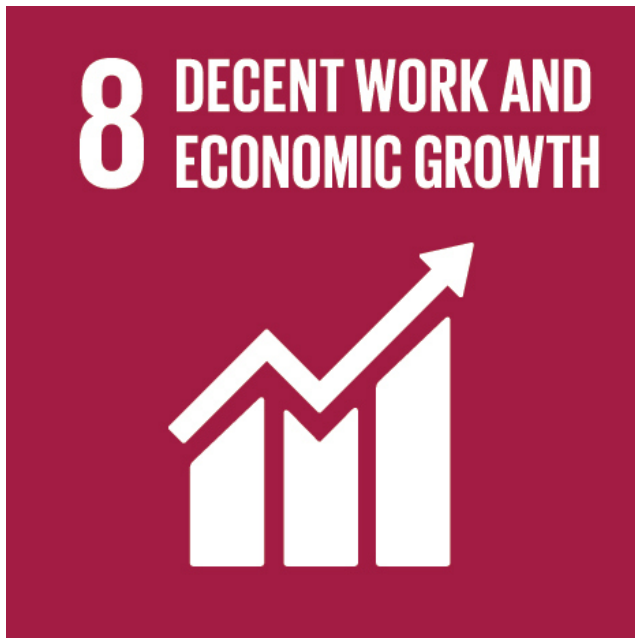


Source: Adapted from Önder & Yürekli, 2014

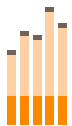


Economic Impact of Tobacco Taxes

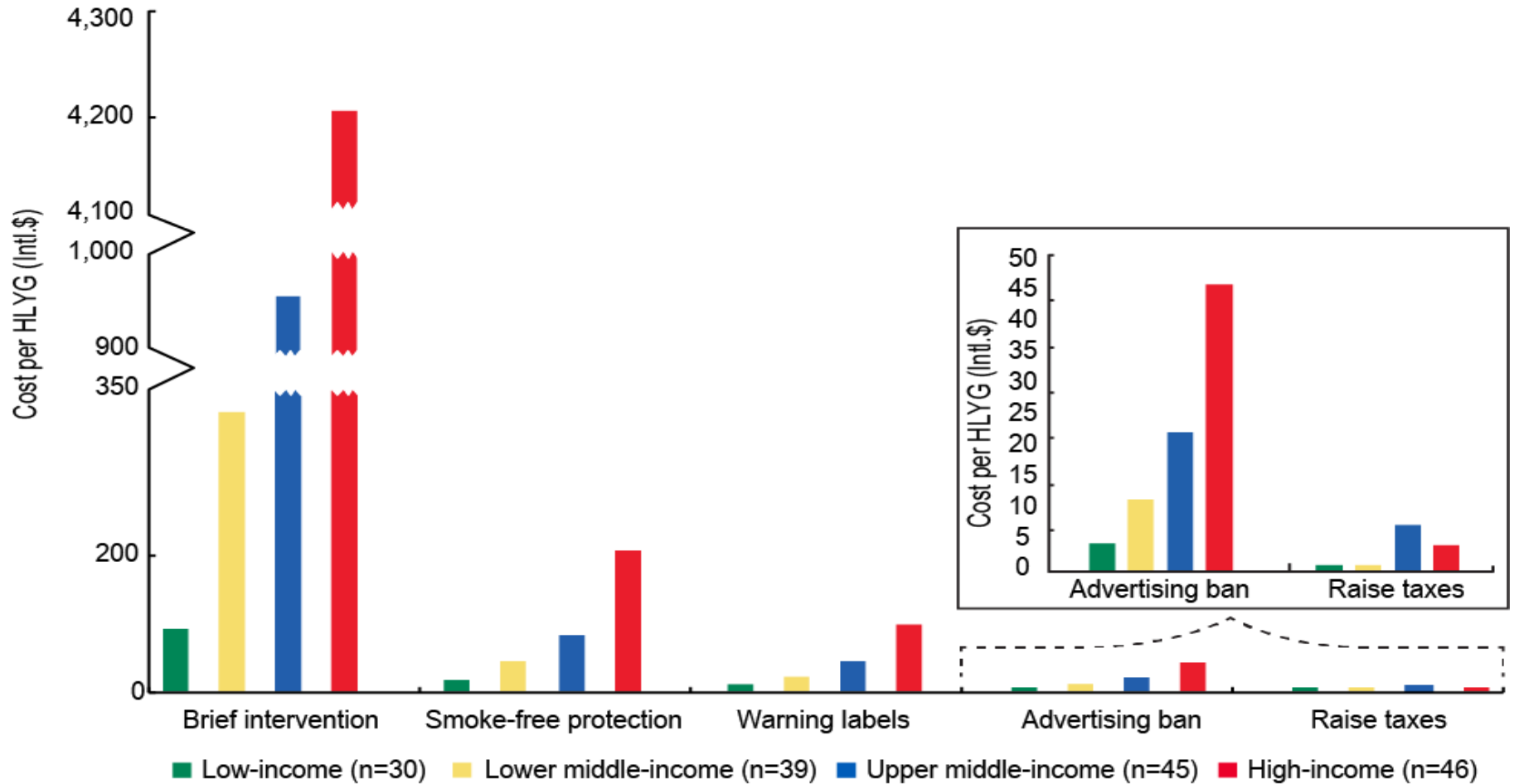
- Tobacco industry and its allies spread myths about the economic impact of tobacco taxes
- Evidence shows that higher tobacco taxes and other tobacco control measures:



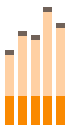
- Have no negative impact and often a positive impact on jobs, businesses
- Do not lead to increased illicit trade in tobacco products
- Make sense from an economic perspective



Highly Cost-Effective



Source: NCI & WHO 2016



For more information:

<http://www.tobacconomics.org>

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