The evolution of tobacco control

- **Phase 1: Focus on Health**
  - Impact of tobacco use on health
  - Focus on reducing harm to health

- **Phase 2: Government debate on strong measures to reduce smoking**
  - Many stakeholders
  - Health versus economic and social issues

- **Phase 3: Informed tobacco policy decisions**
  - Evidence-based research measuring the real costs of tobacco use to countries
1. Focus on Health
Effective measures to protect health

- Higher cigarette taxes/prices
- Non-price measures:
  Information, research, strong warning labels, bans on tobacco advertising and promotion, bans on smoking in public places including workplaces
- Helping smokers quit: cessation support

Cost-effectiveness of interventions

<table>
<thead>
<tr>
<th>Region</th>
<th>Price increases of 10 percent</th>
<th>Nonprice measures with effectiveness of 5 percent</th>
<th>NRT (publicly provided) with 25 percent coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>East Asia and Pacific</td>
<td>3 to 13</td>
<td>53 to 212</td>
<td>338 to 355</td>
</tr>
<tr>
<td>Eastern Europe and Central Asia</td>
<td>4 to 15</td>
<td>64 to 257</td>
<td>227 to 247</td>
</tr>
<tr>
<td>Latin America and Caribbean</td>
<td>10 to 42</td>
<td>173 to 690</td>
<td>241 to 235</td>
</tr>
<tr>
<td>Middle East and North Africa</td>
<td>7 to 28</td>
<td>120 to 482</td>
<td>223 to 260</td>
</tr>
<tr>
<td>South Asia</td>
<td>3 to 10</td>
<td>32 to 127</td>
<td>289 to 298</td>
</tr>
<tr>
<td>Sub-Saharan Africa</td>
<td>2 to 8</td>
<td>34 to 136</td>
<td>195 to 206</td>
</tr>
<tr>
<td>Low/Middle Income</td>
<td>4 to 17</td>
<td>68 to 272</td>
<td>276 to 297</td>
</tr>
<tr>
<td>High Income</td>
<td>161 to 645</td>
<td>1,347 to 5,388</td>
<td>746 to 1,160</td>
</tr>
</tbody>
</table>

Note: For all calculations, a 3 percent discount rate has been used, and benefits have been projected over a 30-year period; for nonprice interventions, costs have been projected over a 30-year period. The ranges result from varying the delivery costs of the interventions from 0.005% to 0.02% of GNP per annum.
Taxation is the most effective measure

- Higher taxes induce quitting and prevent starting

- A 10% price increase reduces demand by:
  - 4% in high-income countries
  - 8% in low or middle-income countries

- Young people and the poor are the most price responsive

Non-price interventions

- Information
- Health warnings on all tobacco products
- Comprehensive bans on ALL advertising and promotion
- Smoking bans in public places (transport, hospitals, schools, restaurants, workplaces)
- Info on second-hand smoke effects to raise public support
Help smokers who want to quit

- Advice from health professionals is key
- Quit lines, community & family support also work
- Pharmaceuticals increase quit attempts success rates
  Governments may make NRTs etc more affordable and accessible by:
  - Licensing, over-the-counter sales, allowing advertising
  - more studies on cost-effectiveness (especially in LDCs)
  - Considering subsidies, special programs for poorest smokers

Things that do not improve health

Most “supply side” actions do not reduce tobacco use / improve health

- Prohibition
- Youth access restrictions
- Trade restrictions
- Crop substitution

Control of smuggling is the only exception and is the key supply-side measure
2. Government concerns about raising cigarette taxes:

**Why do policy makers resist tax increases?**

Tobacco kills, but tobacco also:

- generates tax revenues
- provides jobs, incomes and very large profits
- may attract foreign private investment
- generates export earnings in some countries
- gives smokers pleasure

**Fears about harm to economies**

- Policy makers (and others) worry that tobacco control will harm the economy by:
  - *Reducing government revenues*
  - *Generating unemployment*
  - *Reducing farmers’ livelihoods*
  - *Increasing smuggling*
  - *Causing hardship to smokers*

and hesitate to adopt and implement strong, comprehensive tobacco measures
3. Informed tobacco control policy: Facts and evidence

Do strong tobacco control measures:

- **Reduce tax revenues?**
  Not true, revenues rise as a result of higher taxes

- **Increase smuggling?**
  Not exactly, other factors are at play

- **Cause net job/income losses?**
  Not necessarily, but needs more research

- **Hurt poor people?**
  Some, but also benefits

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**Revenue Generating Potential of Tobacco Taxes**

- As price rises, consumption falls, but by less than the percentage rise in price (demand is price-elastic).

- As incomes rise, so does consumption and total revenue (income elasticity of demand > 1).

- Production can be closely supervised by the government – easy to collect taxes.
Taxes alone do not lead to smuggling

- More smuggling if:
  - Public is tolerant
  - Controls are weak
  - Corruption in the country is high
  - Tobacco industry is complicit
  - Organized crime plays a big role

Job losses offset by new jobs...

Studies on the employment effects of dramatically reduced or eliminated tobacco consumption have shown:

- Some job losses, but also gains in new jobs
- The money does not disappear from the economy
- More research is needed
Impact on the Philippine economy?

- Unlikely to have serious consequences for the overall economy

- Tobacco manufacturing industry accounts for only 0.1% of value added in the economy and employs 0.03% of total employment

- Tobacco farmers account for 0.5% of total agricultural sector employees
  - But 85% are in Northern Luzon

Impact on poor?

- Poor smokers tend to spend the highest % of income on tobacco

- How do they react to a tax/price rise?
  - more likely to quit/reduce consumption, which will improve health outcomes, release income for other uses
  - increased tax revenue can be used in ways that benefit poor
  - Government subsidized or Health Insurance covered smoking cessation clinics
Impact on poor in the Philippines?

- Ratio of tobacco spending to total household spending income is highest among the poorest households
- Poor spend more for tobacco than on clothing, education and health
- If the poor were to reduce their consumption of tobacco, they could add as much as 750 calories to their daily diet, which can improve their nutritional status

Conclusions

- Constructive policy discussion taking into account both health and economic considerations
- Rely on non-biased, independent, research of high quality
- Increase coverage of tobacco control interventions