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# The Economics of Tobacco Control in Poland

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## Agenda

- Why is Tobacco Control Important?
- Tobacco Use in Poland
- Tobacco Control Policies and Implementation
- Tobacco Tax Structure in Poland
- Conclusions



### Global perspective:

- Tobacco use kills approximately 5.2 million people worldwide each year, [WHO& Ministry of Health, 2010, p. 20]
- WHO has estimated that tobacco use is currently responsible for 12% of all deaths in adults, with many of these deaths occurring prematurely.
- About 8 million people will die every year by 2030 from tobacco use.

### Global goals:

- 25% reduction in premature mortality from noncommunicable diseases by 2025 (the World Health Assembly, 2013)
- Voluntary global target: reduction by 30% of current tobacco use in persons aged 15+ years by 2025.

### Poland's perspective:

- Growing number of cancer diseases in PL (see: graph); tobacco smoking is the leading cause of premature death among adults in Poland
- High cost of treatment of smoking-attributable diseases e.g. in 2004 it was estimated at 18 bn PLN, i.e. 6 bn USD [Ciecierski, Cherukupalli, Weresa, 2011]; the average economic cost of the premature deaths caused by second-hand exposure of smokers and non-smokers to tobacco 5.5 bn PLN in 2008, i.e. 1,5 bn USD in 2008 [Stoklosa, 2009];

### Cancer diseases in Poland



Source: estimates based on GUS data.



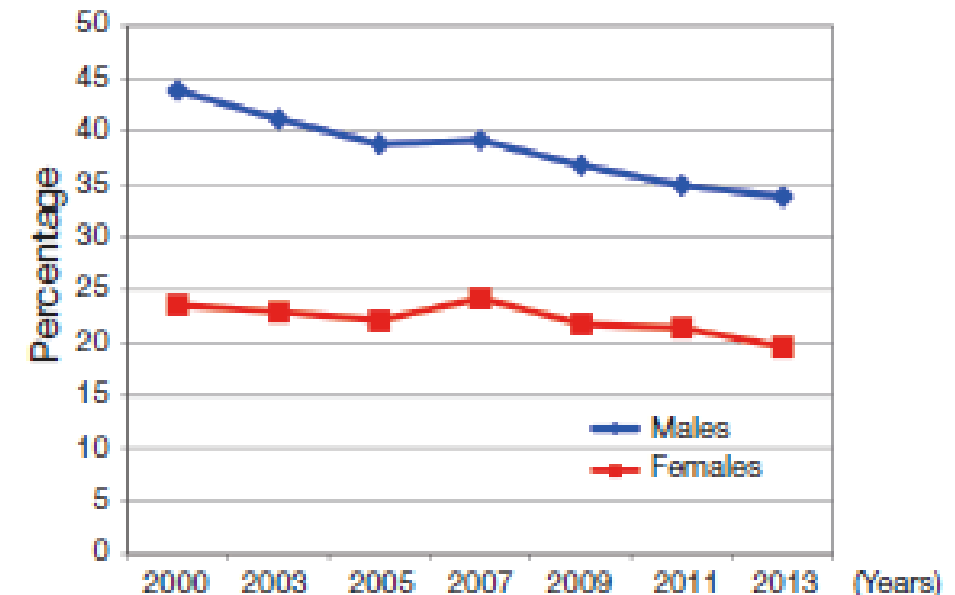
- **The percentage of smokers in Poland has been decreasing**
- **Tobacco-smoking prevalence is lower in females than in males**

The Global Adult Tobacco Survey 2009-2010 estimates:

- 9.8 million smokers in Poland, i.e. 30.3% of adults (36.9% of men; 24.4% of women)

WHO European Region 2017

- Adult tobacco smoking in 2015 : 25% of adults smole (31% of men and 19% of women)



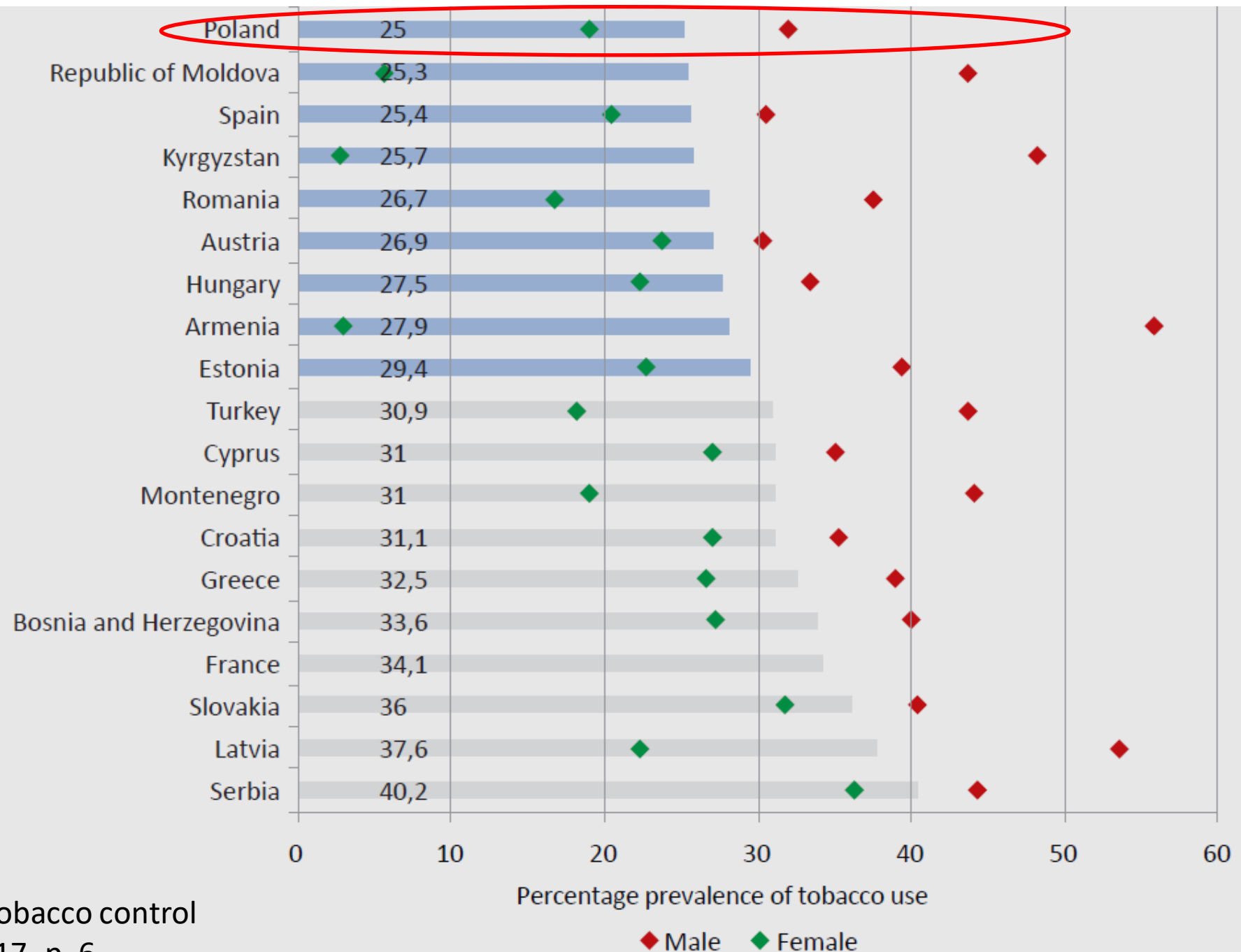
Source: Polish nation-wide survey "Social Diagnosis 2013; cited after: [Jassem, Przewoźniak, Zatoński, 2014, p.283 ]



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The percentage of smokers in Poland (25%) is lower than in:

- Serbia (40.2%)
- Slovakia (36%),
- Latvia (37.6%),
- Croatia (31.1%),
- Estonia (29.4%),
- Hungary (27.5%),
- Romania (26.7%)



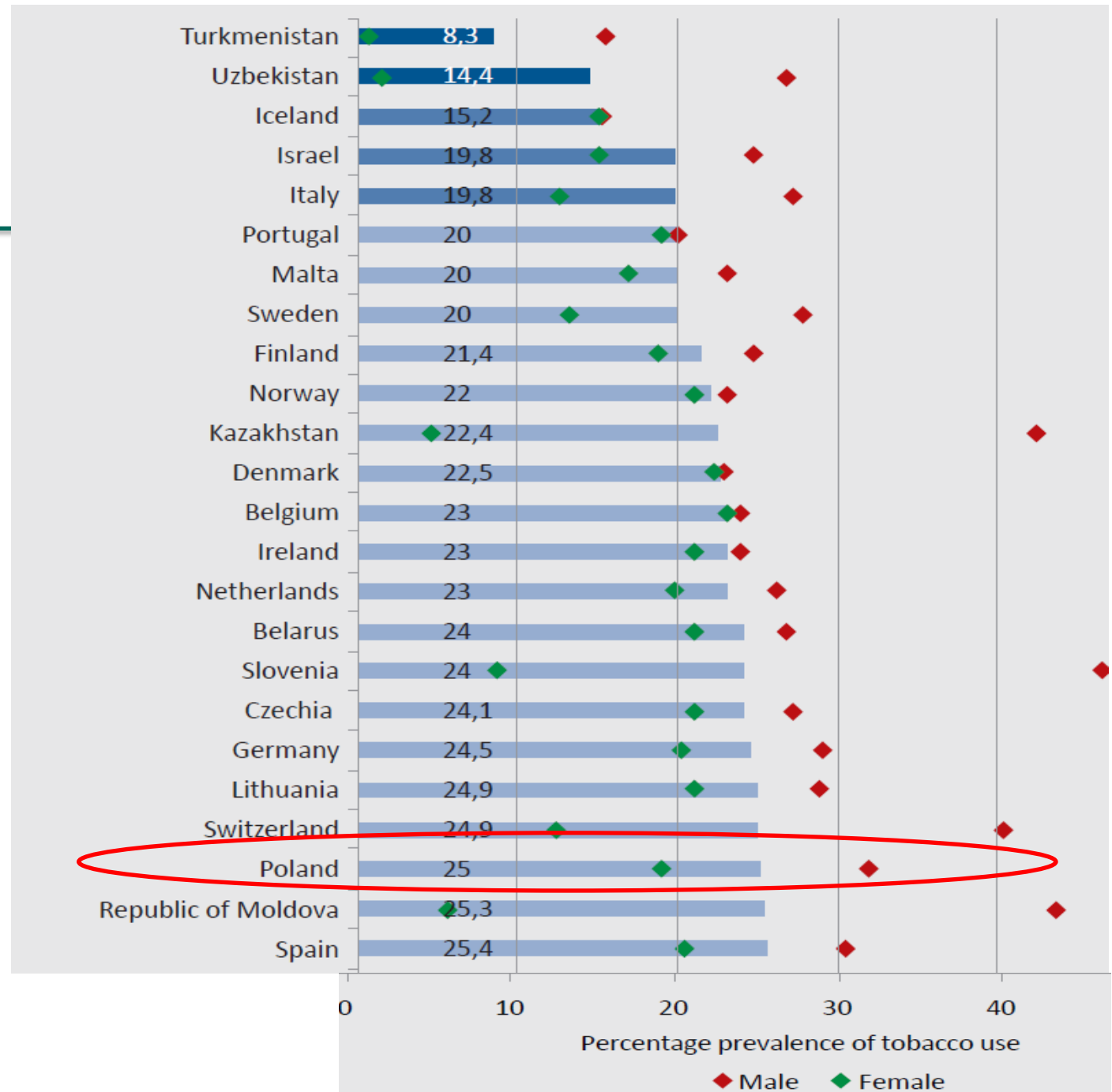
Source: WHO, 2017, Taking stock .Tobacco control in the WHO European Region in 2017, p. 6



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**Figure: Adult current tobacco smoking in selected countries**

Source: WHO, 2017, Taking stock .Tobacco control in the WHO European Region in 2017, p. 6





**Smoking intensity in Poland:**

- Daily smokers smoke an average of 17 cigarettes per day (female-15.5 male -18.3)
- More than 50% of smokers smoke daily full pack or more.
- 88% of daily smokers smoke at least half a pack a day (see: Table).
- 18.6% of youth (ages 13-15 years) smoke cigaterres

Demographic characteristics	Average number of cigarettes smoked per day	Distribution of average number of cigarettes smoked per day for daily smokers, GATS, 2009			
		<10	10-19	20-29	30+
	<i>Mean</i>	<i>(percentage of daily smokers)</i>			
Male	18.3	11.4	30.6	46.7	11.3
Female	15.5	12.8	45.4	36.1	5.7
Overall	17.2	12	36.6	42.4	9.1

Source: The Global Adult Tobacco Survey 2009-2010





### **EU policy:**

- DIRECTIVE 2014/40/EU OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 3 April 2014 concerning the manufacture, presentation and sale of tobacco and related products
- Directive 2011/64/EU requires Member States to levy a minimum rate of excise duties on cigarettes
- EU legislation only sets harmonized minimum rates. Member States are free to apply excise duty rates above these minima, according to their own national needs.

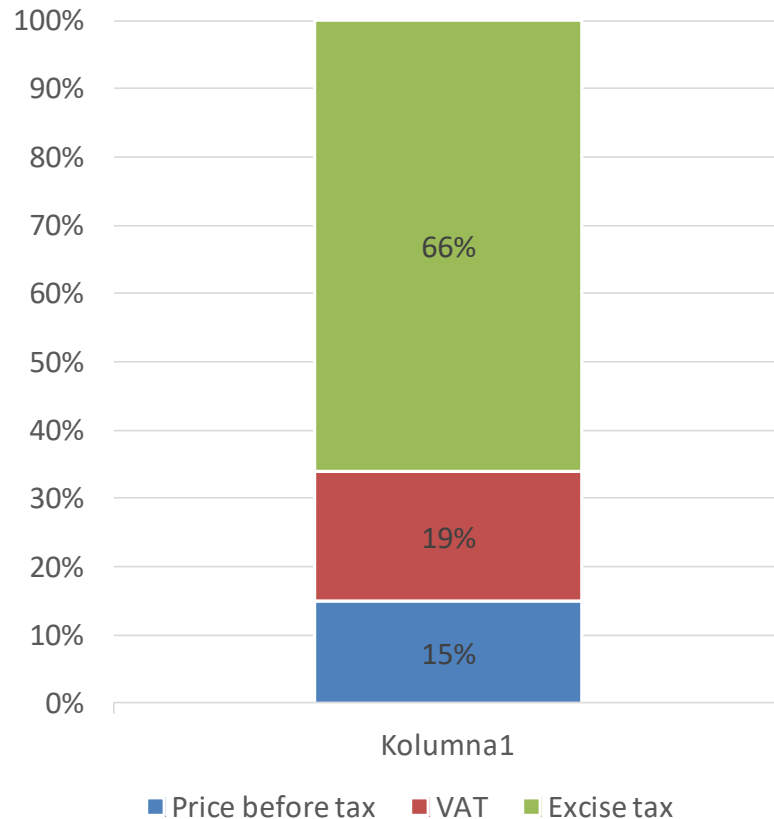
### **National policy:**

- Law on amending the Act on Health Protection against the Consequences of Using Tobacco and Tobacco (Ustawa 9 listopada 1995, z dnia 22 lipca 2016 r. o zmianie ustawy o ochronie zdrowia przed następstwami używania tytoniu i wyrobów tytoniowych)
- Stop Cancer Strategy (Strategia walki z rakiem w Polsce 2015-2024 (<http://www.walkazrakiem.pl/>))



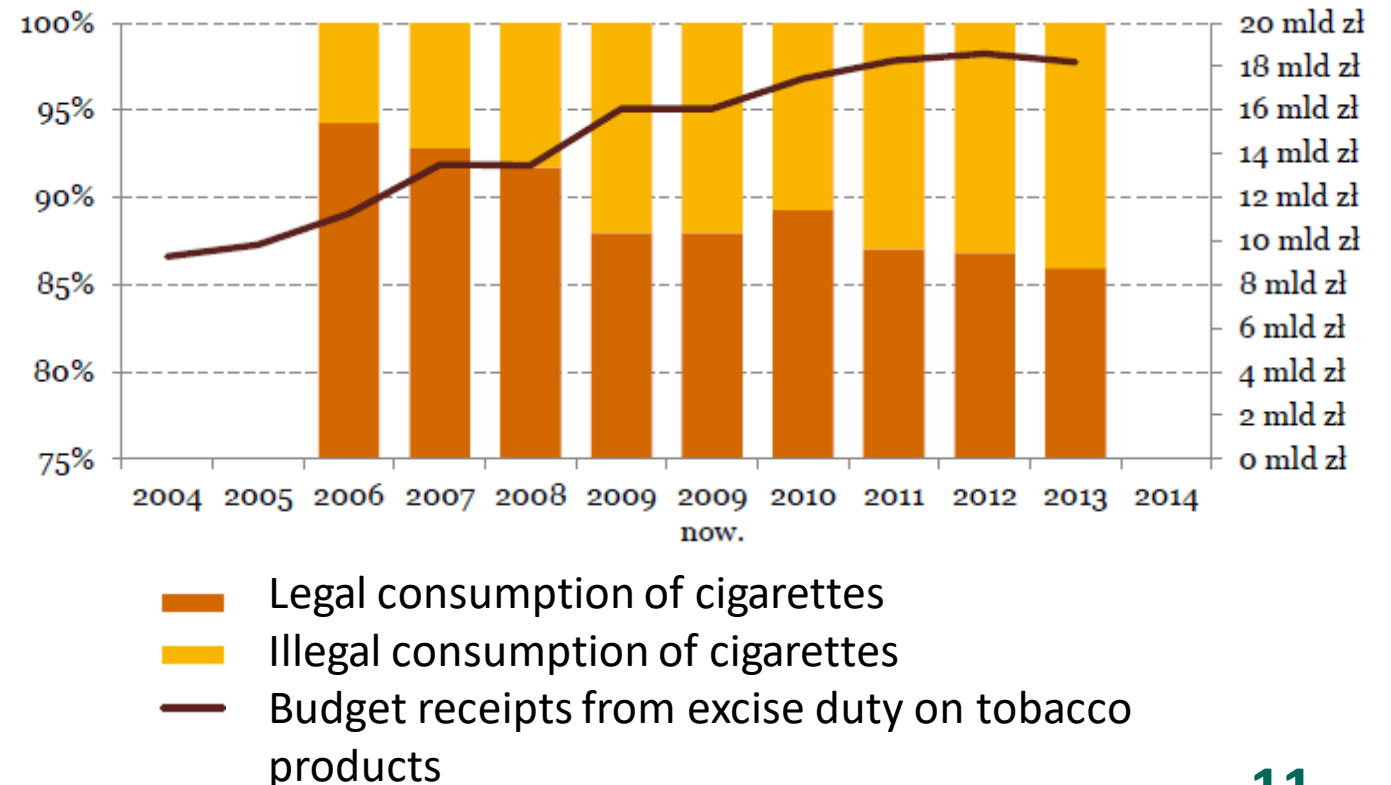
- Since 2008 growing number of public places completely smoke-free (recent change in law implemented in 2017).
- Cessation Programs- a national toll free quit line. Nicotine replacement therapy is sold and some smoking cessation support is available in primary care facilities.
- Warning on cigarette packages about the dangers of tobacco.
- Ban on national TV, radio and print media as well as on some other forms of direct and/or indirect advertising.
- Raising tobacco taxes:
  - total taxes on the most sold brand amounted to 80.16% of weighted average price (WAP);
  - ad valorem excises amounted to 31.41% while VAT amounted to 18.7% of total value of all cigarettes released for consumption

### Excise and VAT included in the price of a pack of cigarettes in 2013



Source: PwC report, 2014, p. 6

### The level of illegal consumption of cigarettes and the inflow to the state budget from excise duty on tobacco products





### **The minimum rate must consist of:**

- A specific component of between 7.5% and 76.5% of the total tax burden (TTB) - expressed as a fixed amount per 1000 cigarettes
- An ad valorem component - expressed as a percentage of the maximum retail selling price

### **In addition, the overall excise rate must be:**

- At least EUR 90 per 1000 cigarettes
- At least 60% of the weighted average retail selling price
- Member States that apply excise duty of EUR 115 or more, do not need to comply with the 60% criterion above.



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## Tobacco Control Policies and Implementation- Taxes in Poland

Rates of excise duties on cigarettes in Poland in 2010-2018

	2010	2012	2014	2018
Excise duty (% of the retail price)	31.41%	31.41%	31.41%	31.41%
Excise duty (in PLN for 1000 cigarettes)	146.83	170.97	206.69	206.76

**In 2018 in Poland taxes are above those required by the EU law:**

Minimum excise duty (in EUR for 1000 cigarettes) (Article 8 (6) Directive 2011/64/EU) in Poland = 98.0363

Overall minimum excise duty, i.e. specific +ad valorem (excl. VAT) as % of WAP=61.46%



- Raising awareness of tobacco smoking dangers (education campaign)
- The introduction of large pictorial health warnings on all tobacco packs and information on the harmfulness of toxic substances in cigarettes;
- Ban of tobacco advertisement (including Internet);
- Ban of smoking in all public facilities;



- Effective tobacco control could help to avoid hundreds of premature deaths
- Implementation of tobacco control should be translated into effective reduction in tobacco use and improved health outcomes
- Public education campaigns and a greater commitment of resources are necessary
- Convergence into common standards for the governance and implementation of control and enforcement mechanisms is indispensable



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Thank you for your attention

Questions?

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