



Accelerating Progress on Tobacco Taxes in Low- and Middle-Income Countries

Project of the University of Illinois at Chicago

Partner of the Bloomberg Initiative to Reduce Tobacco Use

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Overview

This project aims to build the capacity of **in-country think tanks** to provide evidence-based policy support for effective tobacco tax policies. Specifically, the project will bring in **new partners from the economic and fiscal policy field** into the tobacco control space; and **increase their capacity to provide policy support for tobacco taxation and counter industry arguments** against tobacco taxes.

The Problem

Significant increases in cigarette and other tobacco product taxes are the most effective and cost-effective policy for reducing the death, disease, and economic consequences of tobacco use. **Despite considerable evidence supporting higher tobacco excise taxes, policy makers – particularly in low- and middle-income countries – have failed to act.** This failure is largely driven by unfounded concerns about potential economic consequences from tax increases, often fueled by the misleading information propagated by the tobacco industry. At the same time, there is an under-appreciation of the economic costs of tobacco use and the economic benefits that result from tobacco tax increases and other tobacco control efforts. Moreover, while these costs are widely understood in the public health community, they are often underestimated in economic and fiscal policy circles.

Activities

The UIC team will **build the capacity of in-country think tanks** to provide rapid-response policy support to governments and civil society on the development and implementation of effective tobacco tax systems, including significant increases in tobacco taxes and structural reforms, where appropriate, to existing, complicated tax systems.

In addition, the project will **support workshops for high-level government officials** to raise awareness and strengthen the technical capacity of tobacco tax policy makers. Leveraging the Tobacconomics platform, we will also provide an information and resource hub to **share knowledge** and elevate the profile of tobacco taxation in tobacco control policy.



5 Things You Should Know About Tobacco Taxes

Tobacco use is the #1 cause of non-communicable diseases like cancer, heart disease, and stroke. Every year, about **6 million people worldwide die from tobacco use**, with the **vast majority of deaths in low- and middle-income countries**. Annually, tobacco use costs the world's economies over US **\$1.4 trillion in healthcare expenditures and lost productivity**. Significant increases in tobacco taxes can curb these losses. Below are five things you should know about tobacco taxes.

1. Raising taxes on tobacco works.

Evidence from around the world shows that higher taxes and prices **lead tobacco users to quit; deter former users from restarting; prevent young people from taking up** tobacco use; and even **reduce consumption** among those who continue to use. A World Health Organization study estimates that a 50% tax increase in all countries would prevent about 11 million premature deaths caused by tobacco use, showing that significantly increasing taxes on cigarettes and other tobacco products is the most effective policy for reducing tobacco use.

2. Raising taxes on tobacco benefits the most vulnerable.

Tobacco tax increases have the greatest impact in reducing tobacco use among young people and low-income populations who are particularly susceptible to the billions of dollars the tobacco companies spend each year marketing their products. First, **young people are two to three times more sensitive to tax and price increases than adults**, which is particularly important given that nearly all tobacco users start during adolescence or as young adults. Similarly, **low-income tobacco users are more susceptible to the damaging health impacts of tobacco use because they often lack access to health care and services**. Faced with higher taxes and prices, these users are more likely to quit or cut back on their use of tobacco.

3. Increasing tobacco taxes generates new government revenues.

Despite the reductions in tobacco use that follow tax increases, country experiences across the globe show that **significant tobacco tax increases lead to increases in revenues**. This happens because tobacco taxes account for only a fraction of tobacco product prices (less than half in many countries) and because the reductions in tobacco use are smaller than the increase in price given the addictiveness of the nicotine contained in tobacco products.

4. Even smokers support tobacco tax increases.

Not surprisingly, a majority of the public supports tax increases on tobacco products. In fact, most smokers regret ever starting and many try to quit each year, so it makes sense that **a significant proportion of smokers actually support tobacco tax increases**. Support for tobacco tax increases is even higher when revenues are used to support tobacco control and other health promotion efforts.

5. When revenues are used for tobacco control, tobacco use declines even more.

A key best practice in tobacco taxation is to **invest the new revenues into tobacco control** programs or other health promotion activities, which result in even larger reductions in tobacco use than from the tax increase alone.

This is a modified version of a post originally published on the Bloomberg Philanthropies [blog](#).

