

## ***Tobacco Control in Developing Countries***



### **TOBACCO: FAST FACTS**

#### **THE PROBLEMS:**

- Tobacco currently kills 4 million people a year worldwide. Half of these deaths occur in productive middle age.
- Unless smoking patterns change:
- About 500 million people alive today will eventually be killed by tobacco.
  - By 2030, 10 million people a year will die from tobacco-related diseases – 70% of them in developing countries.
  - In the 21st century, about 1 billion people will die from smoking – ten times the number killed by tobacco throughout the 20th century.
  - During 1995, the world's 1.1 billion smokers consumed almost 6000 billion cigarettes.
  - Out of every 100 cigarettes smoked worldwide, about 6 to 8 are smuggled.
  - In all countries, smoking and its disease burden is increasingly concentrated among the poor.
  - Most smokers in low-income countries are unaware of the health consequences of smoking. In 1997, 70% of Chinese smokers believed smoking did them “little or no harm”.
  - Even with their shorter lifespans, smokers have higher health care costs than non-smokers do.
  - Annual gross health care costs attributable to smoking are about 6%-15% of total health care costs in high-income countries.
  - As much as 1% of a wealthy nation's GDP is spent on the treatment of tobacco-related diseases. Some lower-income countries may also spend that much.

#### **THE SOLUTIONS:**

- The demand for tobacco must be reduced. Cutting off supply doesn't work.
- Price is the single most effective measure to reduce consumption.
- There is still ample scope for cigarette tax increases – especially in low-income countries where, on average, taxes account for less than half the retail price of cigarettes.
- Increasing the price of cigarettes by 10% will reduce smoking by an estimated 4% in wealthy countries and 8% in lower-income countries – and prevent 10 million deaths.
- Despite the downturn in cigarette sales, overall tax revenues would go up.
- Tax increases that raise the price of cigarettes by 10% worldwide would increase revenues by about 7% on average. In China, which accounts for a third of global tobacco consumption, a 10% increase in cigarette tax would cut consumption by 5% and increase revenues by 5% – enough to finance a package of essential health measures for one-third of China's poorest 100 million people.
- In most countries, there would be no permanent job losses. Transient job losses would be gradual, occurring over decades.
- Use of non-price measures – such as a total ban on advertising and promotion – and wider access to nicotine replacement therapy are also effective in reducing demand.
- A combination of non-price measures would persuade 23 million current smokers to quit and prevent 5 million deaths worldwide.
- Control of smuggling is the key supply-side measure.
- Smuggling has less to do with the price of cigarettes and a lot more to do with the level of corruption within individual countries.
- Even in the presence of smuggling, a rise in cigarette tax results in higher tax revenues and lower consumption.

The 512-page book, *Tobacco Control in Developing Countries*, is an authoritative and comprehensive study that examines such key issues as poverty and smoking, rationale for government intervention, taxation, advertising and promotion bans, smuggling, trade and the supply side impact of control policies. Building on the comparative advantages of WHO and the World Bank in epidemiology and health economics, an international team of 40 professionals from 13 countries, under the guidance of Dr Prabhat Jha and Dr Frank Chaloupka, prepared this book over a period of three years. It is targeted primarily at ministries, academics and health professionals engaged in tobacco control.

The book is available in English only; Price: US\$ 49.50 paperback ISBN 0192632469. For more details or to place your order, please contact:

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### **TOBACCO MYTHS DISPELLED**

**ECONOMIC ARGUMENTS FOR, OR AGAINST, TOBACCO CONTROL ARE UNCLEAR AND OFTEN DEBATED.**

In 1957, the then British Chancellor of the Exchequer warned of "the enormous contribution to the Exchequer from tobacco duties and the serious effect on the Commonwealth...that a campaign against smoking would have"

In 1996, an Asian Health Minister stated "cigarette producers are making large contributions to our economy... we have to think about workers and tobacco farmers"

In 1997, *The Economist* commented "most smokers (two-thirds or more) do not die of smoking-related disease. They gamble and win. Moreover, the years lost to smoking come from the end of life, when people are most likely to die of something else anyway"

**MYTH: Most smokers do not die from smoking. Those who do die in old age, when they are at the end of their lifespan anyway.**

**TRUTH:** Half of all long-term smokers will eventually be killed by tobacco, and of these, half will die during productive middle age, losing 20 to 25 years of life.

**MYTH: Tobacco is only an issue for affluent people and affluent countries.**

**TRUTH:** Smoking is declining among males in most high-income countries. In contrast, it is increasing among males in most low- and middle-income countries and among women worldwide. Tobacco consumption and tobacco-related disease burdens are usually greatest among the poor.

**MYTH: Smoking is a matter of consumers' freedom of choice.**

**TRUTH:** It is not, for several reasons. First, many smokers are unaware of their risks, or simply underestimate or minimize the personal relevance of those risks. Second, most smokers start when they are children or adolescents, when they are unable to make an informed choice; and by the time they try to quit, many are addicted. Third, smoking imposes certain costs on non-smokers. For these reasons, the choice to smoke differs from the choice to buy other consumer goods.

**MYTH: Smokers always bear the costs of their consumption choices.**

**TRUTH:** Smokers impose certain costs on non-smokers. Evident costs include health damage, nuisance and irritation from exposure to environmental tobacco smoke. Recent reviews in high-income nations conclude that, despite their shorter lifespans, smokers' lifetime health care costs do exceed those of non-smokers. If health care is paid for by the public sector, smokers will impose their costs on others.

**MYTH: Tobacco control will result in permanent job losses.**

**TRUTH:** Successful tobacco control policies will lead only to a slow decline in global tobacco use, which is projected to stay high for the next several decades. The resulting need for downsizing will be far less dramatic than many other industries have had to face. Money not spent on tobacco will be spent on other goods, generating alternative employment. Studies show most countries would see no net losses and a few would see net gains if consumption fell.

**MYTH: Tobacco addiction is so strong that simply raising taxes will not reduce demand.**

**TRUTH:** Increased taxes reduce the number of smokers and the number of smoking-related deaths. They also reduce the number of ex-smokers who start again and reduce smoking among those who continue to smoke. Children and adolescents are more responsive to changes in the price of consumer goods and are more likely to reduce their consumption if the tax were to increase.

**MYTH: Governments will lose revenues if they increase cigarette taxes, because people will buy fewer cigarettes.**

**TRUTH:** Even substantial cigarette tax increases will reduce consumption while increasing tax revenues. The proportionate reduction in demand does not match the proportionate size of the tax increase, since addicted consumers respond relatively slowly to increases in price.

**MYTH: Smuggling will negate the effects of increased tobacco taxes.**

**TRUTH:** Even in the presence of smuggling, the evidence from a number of countries shows that tax increases still increase revenues and reduce cigarette consumption. Furthermore, governments can adopt effective policies to control smuggling.

**MYTH: Governments should not raise cigarette taxes because such increases will have a disproportionate impact on poor consumers.**

**TRUTH:** Poor consumers are usually more responsive to price increases than rich consumers, so it is likely that their consumption of cigarettes will fall more sharply, and their relative financial burden will be correspondingly reduced. However, it is true that poor smokers who continue to smoke will be disproportionately worse off.

**MYTH: In response to higher cigarette prices, smokers will switch to cheaper brands and there will be no reduction in overall tobacco consumption.**

**TRUTH:** Even in the presence of tobacco substitutes, price increases will discourage non-smokers from taking up smoking, and induce smokers to quit or reduce consumption. Not all smokers will substitute expensive brands for a cheaper brand.

**MYTH: Cigarette tax rates are already high in most high-income countries.**

**TRUTH:** In most high-income countries, taxes account for two-thirds or more of the retail price of a pack of cigarettes. In contrast, in lower-income countries, taxes generally account for less than half the retail price of a pack of cigarettes. This means there is still ample room to increase cigarette tax levels in many lower-income countries.

**MYTH: Measures to reduce the tobacco supply are effective ways to reduce consumption.**

**TRUTH:** Measures to reduce the tobacco supply are not effective. If one supplier is forced to shut down, provided demand for tobacco continues, another supplier will enter the market. Crop substitution is often proposed as a method of reducing supply, but the incentives to grow tobacco are much greater than for other crops. The only supply-side measure which should be adopted is control of smuggling.

**MYTH: Tobacco controls will simply compound the poverty of rural economies that are heavily dependent on tobacco farming.**

**TRUTH:** The market for tobacco is likely to remain substantial for at least the next several decades and, while any future gradual decline in consumption will clearly cut the number of tobacco-farming jobs, these jobs will be lost over decades or more, not overnight. The adoption of sound agricultural and trade policies can help farmers in poor countries compete fairly for the world market. However, crop substitution may be needed in the long term to help meet the transition costs of the poorest farmers.

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