

# STOP SMOKING

IT'S DEADLY AND BAD FOR THE ECONOMY

SMOKING IS A LEADING GLOBAL CAUSE OF PREVENTABLE DISEASE AND DEATH



**22%**

of the world's adults are smokers. Nearly 80% of the world's 1.3 billion smokers live in low- and middle-income countries.

Smoking causes more deaths each year than **HIV/AIDS, tuberculosis, and malaria** combined.

(WHO, 2008, WHO, 2015)



**1.8%**

**US\$ 1.4 TRILLION**

The total economic cost of smoking exceeds US\$ 1.4 trillion per year, equivalent to 1.8% of the world's annual gross domestic product (GDP).

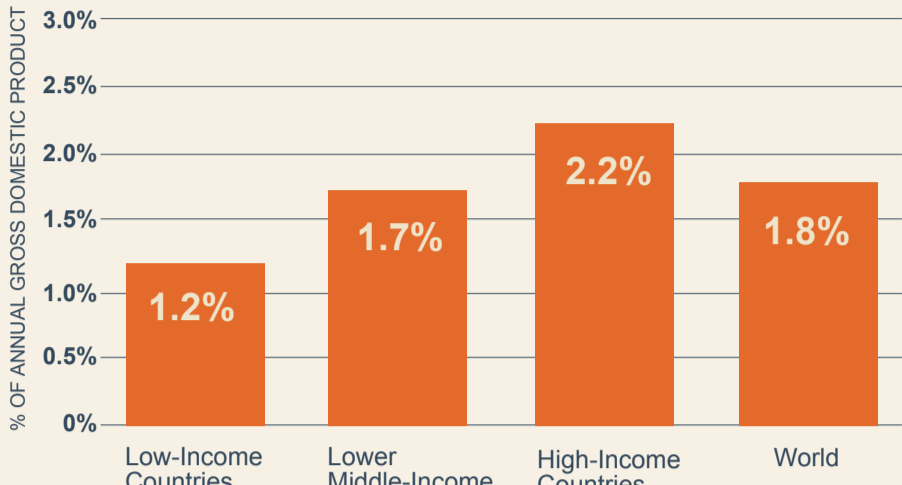
(Goodchild M, Nargis N, Tursan d'Espaignet E, 2017)



The tobacco use epidemic is one of the biggest public health threats across the world, killing around 6 million people a year—more than 5 million due to direct tobacco use while more than 600,000 deaths are among non-smokers exposed to second-hand smoke. (WHO Tobacco Facts, 2016)



Tobacco use is causally linked to diseases of nearly all organs of the body. Smoking reduces workers' productivity and cuts their careers short because of chronic illness and premature death. (US Dept of Health and Human Services, 2014)

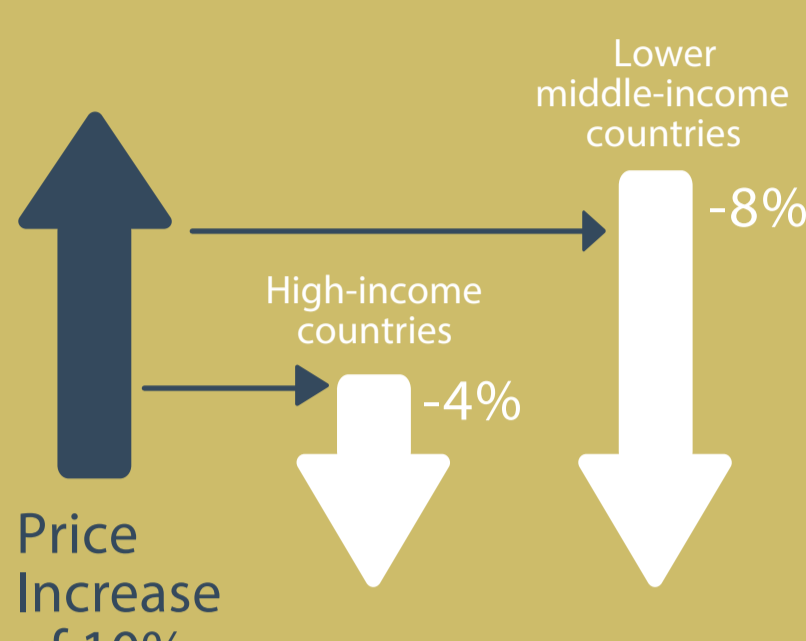


TOBACCO CONTROL IS GOOD FOR EVERYBODY BUT BEST FOR THE POOR

## CONSUMPTION CHANGE

When tobacco taxes go up and cigarette prices rise, poorer people are more likely than rich people to quit smoking.

(CBO 2012; IARC 2011; Gallet, C. and Liu, J.A., 2003; Chaloupka, F. and Warner, K., 2000)



The Sustainable Development Goals (SDGs) call for countries to reduce by 30% the number of deaths from non-communicable diseases by 2030.



Ninety percent of the excess risk of premature death from smoking-related causes can be avoided if people who started smoking in early adulthood quit by age 40. For people who quit by the age of 50, they avoid more than half the excess risk.

(Sha, P. and Petro, R., 2014)

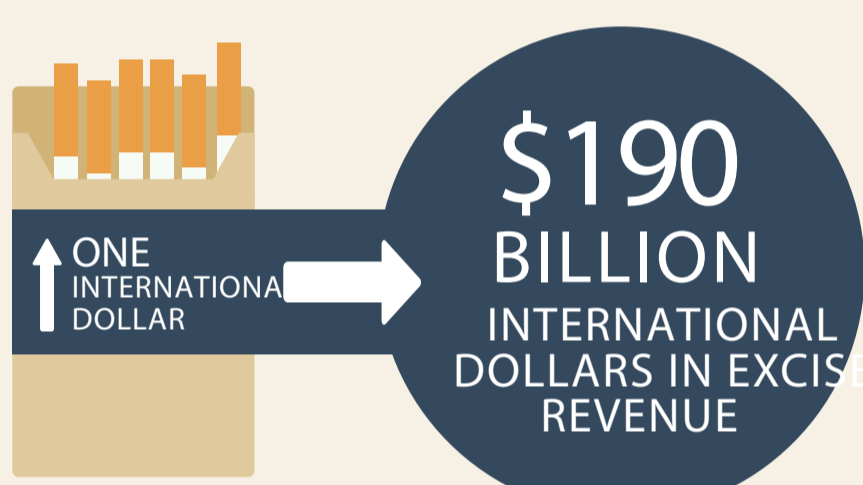


Prevention of tobacco deaths = reduction in non-communicable diseases, bringing us closer to the SDGs.

INCREASING TOBACCO TAXES

## A "WIN-WIN" FOR HEALTH AND THE ECONOMY

Higher taxes on tobacco products reduce tobacco consumption and improve public health, while also increasing government revenues that can be used to fund priority investments and programs that benefit the entire population.



Raising cigarette taxes in countries around the world by one international dollar (US\$) per 20-cigarette pack would increase the average retail price of cigarettes by 42% (from 3.20 to 4.55 US\$), and tobacco tax revenue by 47% (from 402 billion to 593 billion US\$). This would generate an extra 190 billion US\$ in revenue. (Goodchild, M. Perovic, A.M., and Nargis, N., 2016)

**50%**

A recent study in China indicated that a 50% increase in the price of tobacco through excise tax would lead to 231 million years of life gained, and the cost of treating tobacco-related diseases would decrease by US\$ 24 billion. (Verguet, S., Gauvreau, C.L., Mishra, M., et al., 2015)

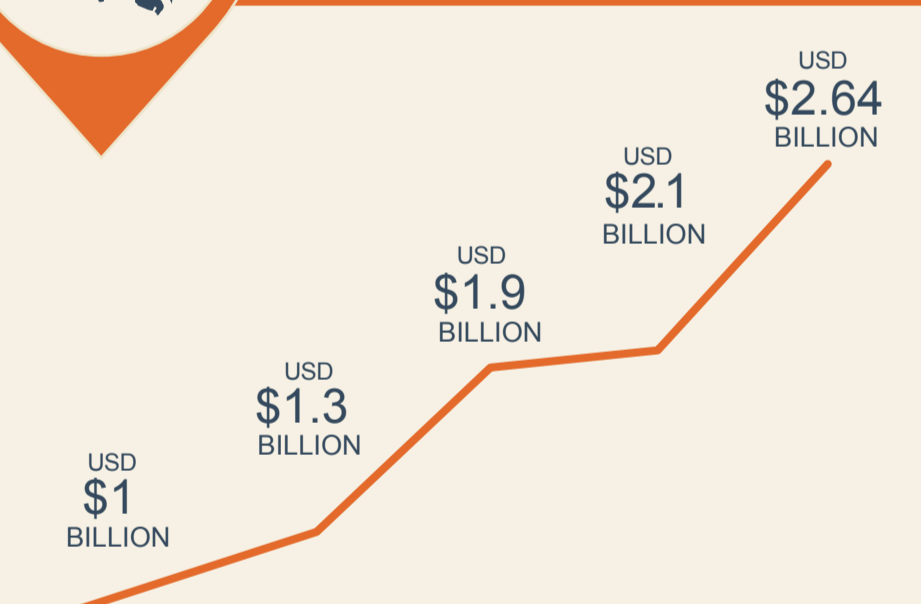
## COUNTRIES ARE RAISING TOBACCO TAXES BUT...

Cigarette prices still remain too low around the world. Only 33 countries impose taxes that constitute more than 75% of the retail price of a pack of cigarettes—the taxation level recommended to have an impact on consumption. (WHO, 2015)



### PHILIPPINES

In 2012, the Philippines raised and simplified tobacco taxes



PHILIPPINES DEPARTMENT OF HEALTH BUDGET

- Smoking among adult Filipinos decreased from 31% in 2008 to 23.3% in 2015.
- Tobacco accounts for about 80% of the US\$ 3.9 billion in additional revenue generated by the Sin Tax Law in its first three years of implementation.
- The number of families whose health insurance premiums are paid by the National Government rose from 5.2 million primary members in 2012 to 15.3 million in 2015.

(Kabac, K., Breckenkamp, C., Iglesias, R., 2016)



### UKRAINE

2008-2017 results of tobacco excise policy

Average excise rate for cigarettes:	+10-fold increase
Annual tobacco excise revenue:	6-fold increase
Cigarette sales:	40% decrease
Daily smoking prevalence:	28% decrease

(Kozlovsky, K., 2017)

Recent tobacco tax increase estimated to collect about 1.7% of GDP in 2017, up from 1.5% in 2016. (Marquez, P.V., Gotima, A., 2016)

By 2035, it is estimated that tobacco tax increases could prevent more than 125,000 new cases of smoking-related disease; nearly 30,000 premature deaths; and more than 260,000 years of life lost. (Webber, L., Andreeva, T.I., Sotomayor, R., Marquez, P.V., et al., 2017)

IN SOME COUNTRIES, TOBACCO TAX INCREASES ARE PART OF BROADER FISCAL REFORMS



### COLOMBIA

The 2016 tobacco tax increase will nearly triple prices in 2017-2018 and annual adjustments will be made for inflation and a mandated specific increase in subsequent years. The tobacco tax is estimated to generate about US\$ 350 million in additional revenue through 2022; and contribute to improved health outcomes. (Morh, M., WBG, 2016)



### MOLDOVA

Tobacco tax increases over 2017-2019 are estimated to generate about 1.5% of GDP, up from less than 1%. This will expand the fiscal capacity of the government while reducing the risk of NCDs. (Marquez, P.V., Gotima, A., Kozlovsky, K., 2016)



### BOTSWANA

In 2014, the government introduced a 30% tobacco levy, on top of the Southern African Customs Union's harmonized regional tobacco excise tax of 39% of retail prices, to address the growing burden of tobacco use. Collected funds from the additional levy are dedicated for general health promotion activities, with a focus on the prevention and control of non-communicable diseases (NCDs). (Parliament of the Republic of Botswana, 2013)



### ARMENIA

Tobacco tax increases adopted in 2016 for 2017-2021 are estimated to increase tax revenues by 40% and to help reduce the risk of NCDs, which account for 75 percent of all deaths in Armenia. Tobacco use is a serious issue as more than 53 percent of adult males are daily smokers. (Hrayrapetyan, S., Gyulanyan, G., 2017)

KEY LESSONS EMERGING:

#### Go big, go fast.

Tax strategies on health gains first, then on fiscal benefits. This means going for big tobacco tax increases early.

#### Attack affordability.

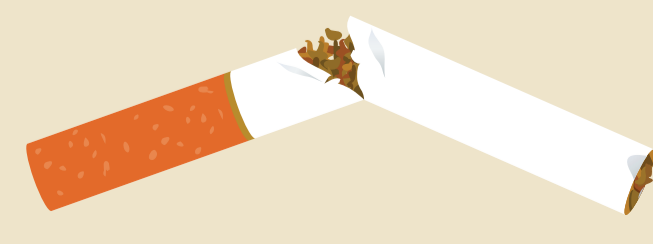
Effective combining involve strategies big initial tax increases with recurrent tax hikes over time, to adjust for inflation and rising per capita growth.

#### "Soft" earmarks.

"Soft" earmarks from tax increases for politically popular uses can help generate grassroots support for the tax increases.

#### Build broad alliances.

To counter the tobacco industry's influence, use scientific evidence and accumulated country experiences, and leverage ministries of finance, health and other government agencies with support from international organizations and civil society, in the development of effective policies.



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Global Tobacco Control Program  
www.worldbank.org/en/topic/health/brief/tobacco

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