

CRES POLICY BRIEF

BURKINA FASO


RESEARCH PROJECT ON TOBACCO TAXATION IN WEST AFRICA « FISCAL SOLUTIONS FOR OPTIMAL REDUCTION OF SMOKING IN WEST AFRICA »



POLICY BRIEF ON BURKINA FASO TOBACCO TAXATION

Apply effective taxation and bring up to date statistics while implementing school-based tobacco control training programs

Introduction

If nothing is done, the pandemic of tobacco will cause 10 millions of death by 2030 of which 70% in developing countries. To curb this trend, Framework Convention on Tobacco Control was put in place in 2005 with a set of monitoring indicators to assess the progress made by each country. These indicators focus on the monitoring of consumption, the protection of individuals, the prevention of harmful effects, the ban on advertising and an increase in prices through higher taxation. The fifteen (15) ECOWAS countries have all ratified this framework convention. However, the adoption of laws and measures to make it operational in each member country is slow. One of the reasons for this situation is that the public authorities are generally confronted with a lack of information on the different aspects of tobacco that can inform their decision-making. In order to fill this need for evidence, CRES had developed a country profile on smoking in each of the fifteen (15) ECOWAS countries for the period 2007 to 2011. It provides reliable information on the trade of tobacco products, the tax system applied, their importance in the economy and the existence of smuggling. CRES updated these country profiles for the period 2012-2016 in six (6) of the fifteen ECOWAS countries. The purpose of this policy brief is to share the main stylized facts obtained in Burkina Faso's country profile between 2011 and 2016.



1. PREVALENCE AND CONSUMPTION OF TOBACCO PRODUCT

An issue to know the prevalence of tobacco among adults

There is no national survey on adult smoking in Burkina Faso. Data available on the consumption of tobacco products are based on divided groups' studies that focus on few large cities.

The results show for the period of 2014, for adults aged 25 to 64, a prevalence of 29% for men and 18% for women.

Youth surveys to be updated

The last survey of young people in a school setting was in 2003. It displayed a disturbing smoking trend in this environment. In fact, 17%

of students aged 13 to 15 consumed tobacco products, and 12% smoked cigarettes.

2. TOBACCO CONTROL

A strengthened regulatory system designed

Burkina Faso has put in place an effective framework for regulating the consumption of tobacco products. The 2011 law bans smoking in enclosed public places and in public transport vehicles. The 2015 law regulates the packaging and labelling of tobacco products. In Burkina Faso, a national committee established to fight against tobacco has reinforced the framework.

Important achievements have been made in the fight against smoking with a strong contribution from Civil Society Organisations. There is, among other things, the inclusion of a budget line to finance tobacco control activities, the development and dissemination of TV and radio spots and the reinforcement of the skills of those involved in the fight against tobacco.

Strong political will

To demonstrate its firm commitment to uphold anti-smoking regulations, the Government of Burkina Faso, through the Ministry of Health, has lodged a complaint with the public prosecutor's

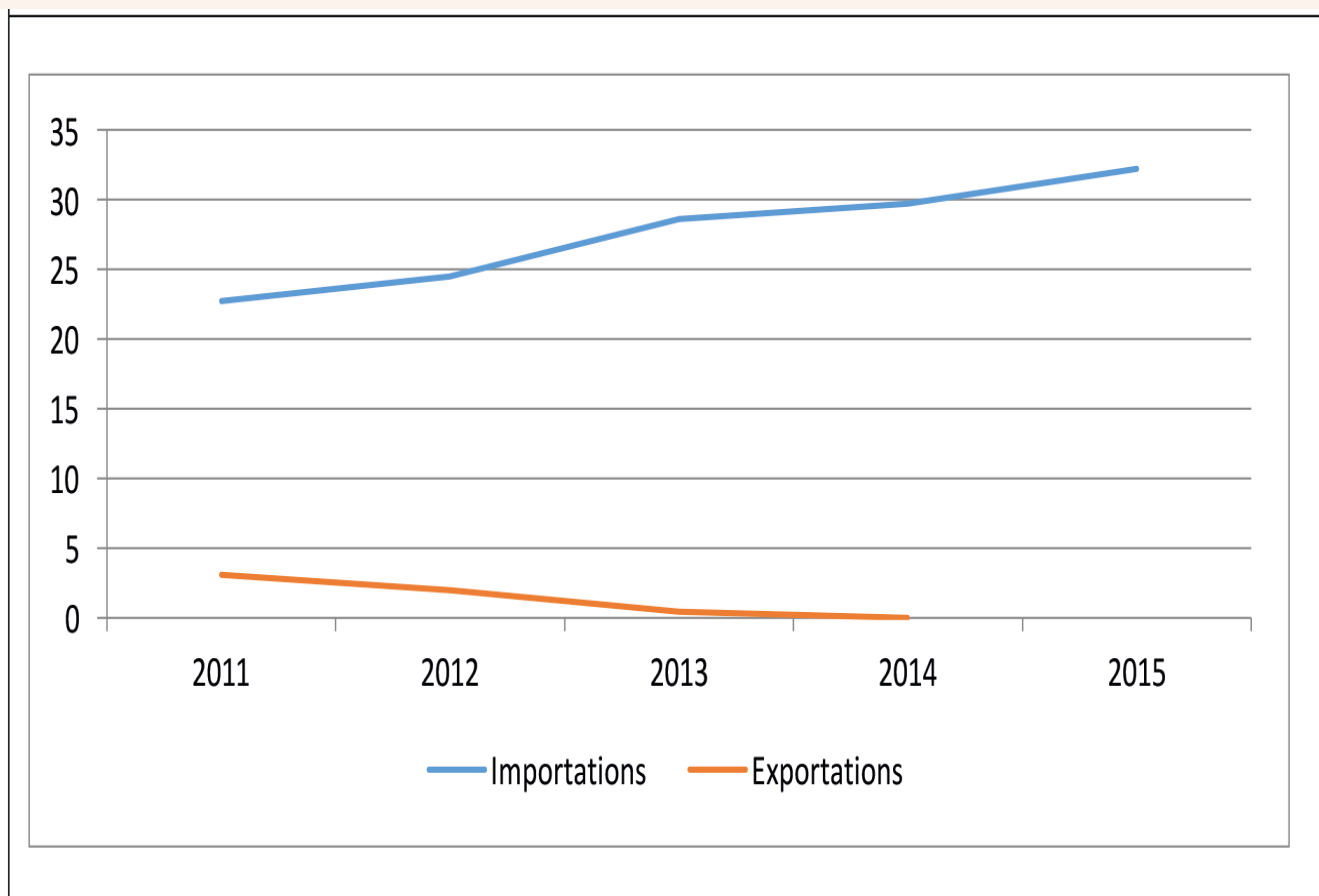
office against the Burkinabe cigarette factory (MABUCIG) for non-compliance with the provisions relating to the law of 2010.

3. TOBACCO IN THE ECONOMY OF BURKINA FASO TOBACCO IMPORTS UP SHARPLY

In the period 2011-2014 the imports of tobacco products increased steadily. They progressed from 22 billion FCFA in 2011 to 32 billion FCFA in

2015. During this same period, exports of these products have declined steadily, from 3 billion FCFA in 2011 to 1 billion FCFA in 2014.

GRAPH 1 : IMPORTS AND EXPORTS OF TOBACCO PRODUCTS IN BURKINA FASO BETWEEN 2011 AND 2015 (IN BILLIONS OF FCFA)



A tentative employment creation with precarious jobs

The tobacco industry employs an average of 152 people per year in Burkina Faso. The total number of individuals working directly in the tobacco industry increased overall by 6.4% between 2011 and 2015. If, in the past, 72% of the workforce was represented by

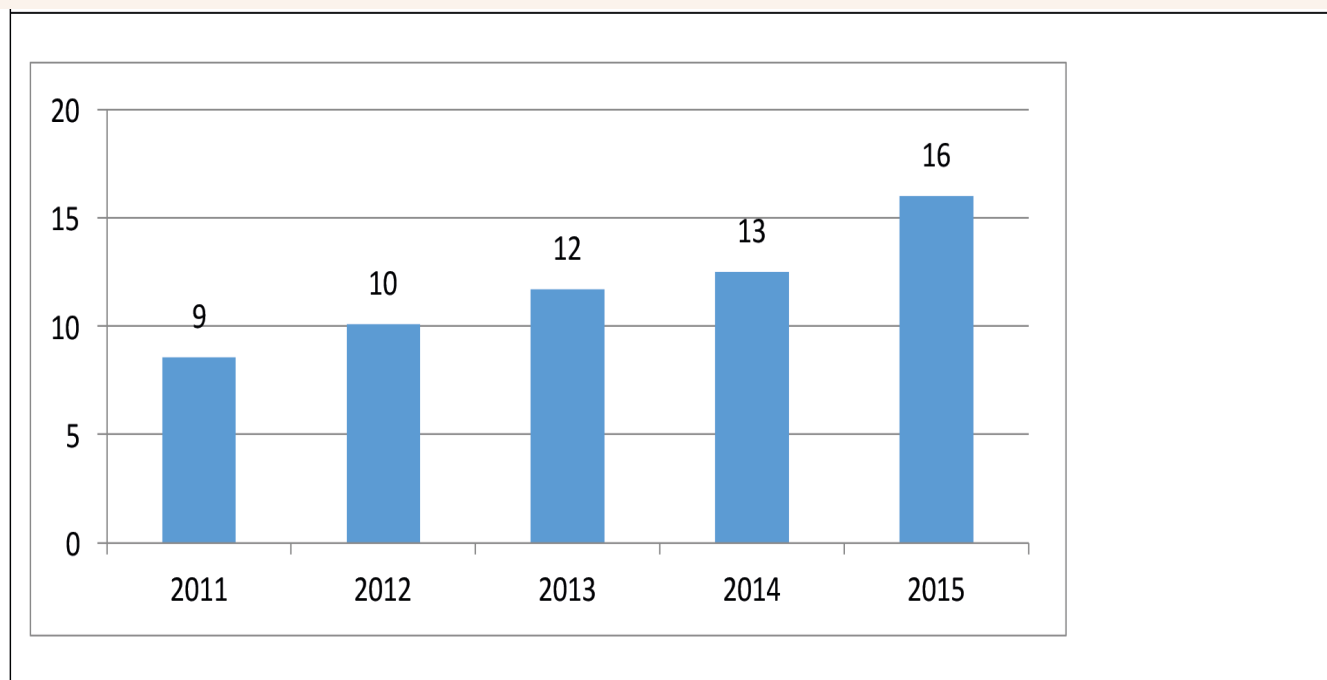
expatriate employees, today, nationals occupy 94% of jobs. Nevertheless, these jobs held by nationals are not very significant, compared to the total employment of the country and remain precarious. Moreover, the income from these jobs makes it difficult for them to get out of.

Low tax revenues, but which have risen sharply

Tobacco excise revenues almost doubled in Burkina Faso between 2011 and 2015. In fact, they rose from 9 billion FCFA in 2011 to 16 billion in 2015, a growth rate of 96%. The increase of excise revenue is due to an improvement in

collection, by the tax authorities, and an increase in consumption. Nevertheless, these excise tax revenues represent only a small part of Burkina Faso's tax revenues.

Graph 2 : Excise taxes collected on tobacco products in Burkina Faso between 2011 and 2015 (in billions of FCFA)



4. TAXATION OF TOBACCO PRODUCTS

A taxation not very dissuasive but evolving

In the taxation of tobacco products, Burkina distinguishes cigarettes in «low-end», «standard» and «luxury» categories. Tobacco tax rates are differentiated according to these categories. Until 2016, «low-end» cigarettes were taxed at a rate of 17%, «standard» cigarettes at 25%

and «luxury» cigarettes at 30%. However, since 2016, the tax on these differentiated products has been reorganized and revised upwards. Products classified as «low-end» and «standard» products are now taxed at the single rate of 30%, and products classified as «luxury» at 40%.

5. MAIN LESSONS LEARNT AND RECOMMENDATIONS

Three main lessons learnt

- 1) There are no surveys of adults on the consumption of tobacco products, and that of adolescents in schools was conducted in 2003.
- 2) The prohibitions in the laws are not respected by the tobacco industry and the public.
- 3) The unique use of the ad valorem tax is differentiated by category of cigarettes with low applied rates.

Recommendations

- Organize an exclusive survey on the consumption of tobacco products among adults at the national level, and update the survey on the consumption of tobacco products in schools.
- Remove the differentiation of taxation by category of cigarettes and impose a minimum rate of 50% for the ad valorem tax.
- Associate with the type of ad valorem tax a specific tax to have a significant increase of tax shares in the selling price.

The Research Center for International Development (IDRC) has funded the Consortium for Economic and Social Research (CRES) to conduct an action research on the taxation of tobacco products. As part of this project, the country profile of Burkina Faso is developed by a team composed of Dr.Sayouba OUEDRAOGO of the Center for Study, Documentation and Economic and Social Research (CEDRES) of the University Ouaga 2, Idrissa OUEDRAOGO of the General Directorate of Taxes of Burkina Faso, Désiré DRABO and Moumini BAMOGO, PhD students at Ouaga University 2. This policy note is drawn from this country profile by Dr.Sayouba OUEDRAOGO.