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ORAL PRESENTATIONS

Making the case to Finance Ministers (the economics of tobacco control)

OP006
TOBACCO TAX YARDSTICK: DOES IT WORK?
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Background: Tobacco tax yardstick is the recommendation to have tax component between two-thirds and four-fifths of the total retail cost. The WHO Report on the global tobacco epidemic suggests applying level of total taxes (excise + VAT) above 75% of retail price as an indicator of “effective tobacco taxation policies”. However, what would be the impact of taxation policy on tobacco consumption in a country that already keeps tax share in retail price above the recommended level? Does tax level exceeding 75% of retail price reduce tobacco consumption without tax increase or with just adjustment of specific tax rates for inflation?

Objective: Since 1990s, Denmark, Finland, France, Ireland, Portugal and the UK had levied cigarette taxes higher than 75% of retail price. The paper explores effectiveness of tobacco taxation policy in terms of tobacco consumption reduction in these countries in 1990–2010.

Method: Data on tobacco sales, tax rates and prices were taken from the EU and national databases. Trends of total tobacco consumption were estimated including both legal and illegal (smuggling into and out of the country) cigarette and other tobacco products sales.

Result: In the considered countries, four kinds of tobacco taxation policy were practiced: 1) Tax decrease followed by tobacco consumption increase while tax proportion in retail price was about 75%; 2) No decline in tobacco consumption when taxes were stable, while the tax proportion exceeded 75%; 3) After steep tax increase tobacco consumption was sharply reduced, while there were almost no changes in the tax proportion; 4) Moderate tax increases reduced tobacco consumption only if they increased real prices, adjusted for inflation, income and illicit tobacco share, while tax proportion in the increased real price could even decline.

Conclusion: Keeping tobacco tax component high (even above 75% of retail price) did not contribute to the health objectives aimed at reducing tobacco consumption if real prices were not increased. Decrease of tobacco affordability over time caused by tax hikes and other factors is a key determinant of tobacco consumption decline even in high income countries that already have very high tobacco taxes. Effective tobacco taxation public health policy should reduce tobacco products affordability as low as possible.

OP012
SMOKING-ATTRIBUTABLE MORTALITY IN BANGLADESH: PROPORTIONAL MORTALITY STUDY
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Objective: Bangladesh has over 20 million smokers and over half of adult men smoke cigarettes or bids. There are no direct estimates of the consequences of smoking on cause-specific mortality in the world’s 7th most populous country of 150 million people.

Methods: We compared ever versus never smoking among four specific major causes of deaths (cases) to deaths not attributable to tobacco (controls) registered from 2003 to 2010 in an ongoing demographic surveillance in Matlab, rural Bangladesh. Odds ratios (OR) were adjusted for age, education, and use of chewing tobacco and combined with national death rates and smoking prevalences to estimate survival from ages 25–69 years by smoking status.

Results: About 84% of the 2213 men aged 25–69 years dying from tobacco-attributable diseases were smoking, as compared to 73% ever smokers among the 261 control deaths (RR=1.7, 99 CI, 1.1–2.5). The ORs of death due to smoking were highest for cancers, with lower risks for respiratory, vascular and other medical diseases. There was a clear dose-response relationship of mortality risk with age of initiation of smoking and with the daily amount of cigarettes or bids smoked. These death rates suggest that among Bangladeshi men aged 25 years, 32% of smokers would die before age 70 versus 19% among otherwise similar never smokers. These risks correspond to about 24% of all deaths at ages 25–69 years, or a total of 42 000 smoking-attributable deaths in Bangladeshi men in 2010.

Conclusion: Smoking already causes over a quarter of all deaths in middle aged Bangladeshi men, and smokers lose about seven years of life. Without a large increase from the currently low level of adult smoking cessation, smoking deaths in Bangladesh are likely to grow.

OP016
SOLDIER ON: THE FIGHT FOR SUSTAINABLE FUNDING FOR TOBACCO CONTROL
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Background: An end game strategy for tobacco control needs long-term planning and self-sustainable revenue for a comprehensive response to the tobacco epidemic. Like in most countries, tobacco control in the Philippines remains underfunded. There have been significant gains, mainly because of foreign-funded projects. However, with no regular and sufficient funding, there is an ever-present danger that the gains will be reversed.

Objective: This paper will discuss the importance of sustainable funding for tobacco control as an essential element for the endgame of tobacco. It will review the Philippine experience in advocating for tobacco control funding, look at the challenges and lessons learned, as well as identify opportunities and strategies to convince the government to fund tobacco control.

Method: Review and analysis of research and strategies in pushing for sustainable funding for tobacco control in the Philippines

Result: The government lacks the capacity to handle tobacco control programs and challenges, particularly tobacco industry interference in policy implementation and litigation, due to lack of funding. There was an opportunity to push for sustainable funding for tobacco control during the reform of the tobacco tax law. But the final version provided funding mostly for curative programs. Despite media and legislative advocacy, the law did not specify funding for tobacco control. The most ideal is still to push for earmarking a portion of excise tax of tobacco for tobacco control programs or imposing a surcharge from tobacco and/or alcohol. But, we should also look beyond the recommendations of Article 6 and its Guidelines and seek more aggressive ways of funding. For example, looking at polluters pay principle, we should demand an amount from
the industry and use this to address health and environmental harms. Reframing tobacco control within the context of prevention of non-communicable diseases (NCDs) is helpful particularly when the policymakers are not too supportive of tobacco control programs or there is strong tobacco industry lobby. But, there is a need to be careful not to lose focus on tobacco control even when it is integrated within NCDs.

**Conclusion:** The Philippine experience reflects the situation in other countries where implementation of tobacco control programs are dependent on the priority given by the government. Reliance on foreign funding without pushing for sustainability at the country level would be a temporary victory when we are faced with a well-funded opponent.

**OP020**

**ESTIMATING TOBACCO ILLICIT TRADE FEATURES AND EVOLUTION IN URUGUAY**

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**Background:** The main single strategy to reduce tobacco consumption is taxation. The tobacco industry (TI) and its allies argued repeatedly that price increases boost Tobacco Products Illicit Trade (TPIT). Since 2005 to 2010, Uruguay applied WHO-FCTC and in short time got significant outcomes. Recently, TI and allies publicly argued that in Uruguay had a noticeable increasing boost TOBACCO ILLICIT TRADE (TPIT). Since 2005 to 2010, Uruguay applied WHO-FCTC and in short time got significant outcomes. Recently, TI and allies publicly argued that in Uruguay had a noticeable increasing in TPIT.


**Method:** Analyzing data from: 1) A smokers cohort (ITC project Uruguay – ITC-U, 2006–2010) crossing data on brand name, price, purchase location, exposure of health warnings, TI, national and international databases.

**Result:** 1) TPIT features: ITC-U included Montevideo (MVD), 2 inland and 2 border cities. Consumers of illegal cigarettes in Montevideo remained stable close to 10% in the past 5 years. There was a small increasing trend in 2 inland cities (with levels lower than 5% to 2%) and in the border cities. Consumers of illegal cigarettes in Montevideo remained stable close to 10% in the past 5 years. There was a small increasing trend in 2 inland cities (with levels lower than 5% to 2%) and in the border cities.

2) Taxes, prices and TPIT. Uruguay increased significantly tobacco taxes to 72.5% by 2010. Between 2008 and 2010, while legal cigarette prices increased by 45% and HRT by 49%, illegal cigarette prices increased by 27%.

3) Conclusion: Uruguay implemented WHD-FCTC in effective manner without evidence of significant increasing of TPIT.

**OP030**

**LOW TOBACCO TAXES, AN INCENTIVE FOR INCREASE IN YOUTH TOBACCO CONSUMPTION: A CASE STUDY OF UGANDA**

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**Background:** Tobacco kills about 6 million people, 10% of them die as a result of second hand smoke. There is ample evidence that higher tobacco taxes reduce tobacco consumption by inducing current users to quit, keeping former users from restarting and preventing potential users from starting. Increasing tobacco taxes is the single most effective measure to reduce tobacco consumption and is particularly effective in preventing transition from early experimentation to regular smoking. The most likely route the youth use to initiate smoking. Taxation is one of the most effective measures that result in significant reduction in tobacco consumption. More important about this measure is that raising tobacco taxes increases revenue for Government, resulting in double advantage. Governments generate revenue for health promotion and other social services while at the same time; the public health objective of consumption reduction is attained. What is even more interesting is that increasing tobacco taxes impacts more on the youths and the poor whose purchasing power is limited. This makes tax increase more relevant to tobacco control.

**Objective:** To evaluate the impact of low tobacco taxes on consumption rates among the youths in low income country 2) To document other factors responsible for increasing tobacco consumption by the youths other than tax and price 3) To generate and package evidence for advocacy for higher tobacco taxes among policy makers.

**Method:** The study was conducted in Uganda and the main method used was desk review of existing literature. The documents reviewed included Government of Uganda budget papers, tax system operating in Uganda analyzed from Ministry of Finance and Uganda Revenue Authority and Statistical abstracts from Uganda Bureau of Statistics – UBOS, for a period of over 10 years (2001–2013). The tobacco consumption rates for a period of over 10 years (2001–2013) were also collected from for adults and children from Uganda Demographic and Health Survey (UDHS) and Global Youth Tobacco Survey (GYTS). Tax and price rates over the years were analyzed and compared with consumption rates over the same period to determine any correlation.

**Result:** 1) Consumption rates of tobacco decreased among male adults but remained stable among female adults over the 10 year period. 2) Consumption rates tobacco increased over 50% among the youths over the 10 year period. 3) Tobacco taxes remained low resulting in retail pack prices reducing in absolute terms. 4) Ministerial directive banning tobacco product adverts in place.

**Conclusion:**

- Tobacco taxation is the most effective measure to reduce consumption of manufactured tobacco products as it reduces its affordability and accessibility to the youths and the poor.
- Tobacco taxation has the double advantage of increasing Government revenue while at the same time it reduces consumption.
- The common myth that increasing tobacco taxes increases illicit trade has no basis as it has not been proven.

**Alternative livelihoods for tobacco farmers and retailers**

**OP011**

**SUBSTITUTING FCV TOBACCO IN INDIA: ECONOMIC VIABILITY AND CHALLENGES**

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**Background:** Flue Cured Virginia tobacco is a region specific cash crop cultivated in limited area in Andhra Pradesh and Karnataka, which account for more than 90% of total FCV tobacco cultivation in India. Article 17 and 18 of WHO’s FCTC lays stress on existing gaps in research and emphasize that the parties should promote research related to health/environmental and socioeconomic aspects and economically viable and sustainable alternatives to tobacco crop.

**Objective:** The main purpose of undertaking this study was to make a situation analysis of a tobacco growing region with respect to socio-economic background of farmers, their perception on tobacco cultivation and other crops, institutional benefits available for tobacco, returns from different crops and challenges in shifting.

**Method:** The study followed a five stage stratified sampling method covering two FCV tobacco growing districts in Karnataka, which account for about 40% of FCV tobacco produced in India. The required database for the study was gathered through primary survey of randomly selected 400 tobacco and a control group of 36 non tobacco farm households.

**Result:** It is clear both from review of literature and this study that farmers are interested to shift from tobacco. But, this willingness is conditional or is responsive to fulfillment of demands. The review of literature also indicates that although there are alternatives that are being tried out, they are backed by huge investment of infrastructure. Based on net returns from cultivation this study indicates the possibilities of promoting ginger, chilli, sugarcane and plantation crops as alternatives to FCV tobacco in Karnataka. From the sample covered in this study we could not find other remunerative livelihoods taken up by tobacco growers.

**Conclusion:** The gross returns backed by institutional support eye wash the tobacco growers of any other burden say repeated outstanding credit (cleared by Tobacco Board annually) and hardships of cultivating this laborious crop. Therefore, the cultivation of other crops cannot be left to the providence of natural factors. While the study shows alternative crops like ginger, chilli, sugarcane and plantation crops to be profitable, alternative livelihoods like dairy, poultry scoreless in terms of return. Additional dose of investment and marketing link may be necessary to lift them from an activity limited to household consumption to a viable business activity.

**The MDGs, NCDs, tobacco control and sustainable development beyond 2015**

**OP002**

**SCOPING THE TOTAL ENVIRONMENTAL COSTS CAUSED BY THE MANUFACTURED CIGARETTE INDUSTRY**


Tobacco use is now the world’s single leading preventable cause of death. It kills over 6 million people each year and causes countless health, social, and economic hardships. If current trends continue, tobacco use will kill more than 8 million people worldwide per year by 2030. Compared to the relatively well known health hazards associated with personal tobacco use, the impact of tobacco on the environment is less well known. Article 18 of the