



Press Release – World No Tobacco Day 2014

Governments can win – and win again – by raising tobacco taxes

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GENEVA, 31 May– Raising tobacco taxes is a win-win for governments: this simple move generates revenue and, by discouraging smoking, it boosts public health, reducing health care costs. On World No Tobacco Day 2014, FCA urges governments to increase their tobacco taxes.

Tobacco use is currently responsible for 10 percent of adult deaths worldwide, according to the World Health Organization (WHO).

It is widely accepted that raising the price of tobacco products is the most effective way to curb tobacco use. Article 6 of the WHO Framework Convention on Tobacco Control is dedicated to such 'price and tax measures', and in October this year, the 178 Parties to the FCTC are expected to approve guidelines on putting Art. 6 into action.

Higher tobacco taxes benefit public health in three ways:

1. Some existing smokers quit entirely;
2. Some people, mostly teenagers, who would otherwise have started to use tobacco, refrain from doing so;
3. Some people continue to use tobacco, but reduce how much they use per day.

Tobacco is an easy product to tax and raise revenue from. Tobacco users do react when prices go up – they are price sensitive – but they reduce their consumption by less than the percentage increase in price, which means they end up paying more in tobacco taxes.

As an article published earlier this year notes¹, a 50 percent increase in inflation-adjusted tobacco prices reduces consumption by about 20 percent in both high-income countries and low and middle-income countries.

And bigger tax increases are more effective, the article adds: "The United States and the United Kingdom took more than 30 years to halve cigarette consumption per adult. With the use of large tax increases, however, France and South Africa halved consumption in less than 15 years."

Because of low excise taxes, cigarette prices are far cheaper in many low and middle-income countries compared to high-income countries, even after adjusting for purchasing power. Increasing these taxes can produce significant results.

¹<http://www.nejm.org/doi/full/10.1056/NEJMra1308383>

FCA is more than 350 organisations in over 100 countries working to make global tobacco control, particularly the WHO Framework Convention on Tobacco Control, a global health and development priority.

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In Brazil, the average price of cigarettes more than doubled from 2006 to 2013. As a result, sales declined from 5.6 billion packs to 3.8 billion packs in the same period, and the number of smokers dropped from 21.4 million to 17.1 million. Revenue from tobacco excise taxes increased from 3.5 billion reais (\$US1.6 billion) to 5.1 billion reais.

More recently, the Philippines have revised their tobacco taxes, so that by 2017 the price of the country's cheapest brands will have increased more than 1,000 percent!

"We encourage more governments to follow the leads of the Philippines, Brazil and other countries that have realised the importance of raising tobacco taxes to effective levels," said FCA Director Laurent Huber.

"We know this move saves lives: increasing tobacco taxes is one of the key measures in the FCTC, which has been ratified by 178 Parties representing nearly 90 percent of the world's people," he added.

Find out more on our webpage for World No Tobacco Day – <http://www.fctc.org/fca-news/world-no-tobacco-day/world-no-tobacco-day-2014>.

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