Editorial

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# The case of tobacco taxation: where we are and how to accelerate its use for public health

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Raising tobacco taxes is one of the core strategies outlined in the World Health Organization (WHO) Framework Convention on Tobacco Control (FCTC) to reduce the demand for tobacco products (1). According to the Guidelines for the Implementation of Article 6 of the FCTC, effective tobacco taxes (understood as taxes that raise the price of tobacco relative to other goods and services), can serve three purposes: (i) reduce tobacco consumption, (ii) generate government revenue, and (iii) reduce health inequalities (2).

Best practices for tobacco tax policy developed by the WHO recommend the adoption of a relatively simple tax system that applies equivalent taxes to all tobacco products, with the total tax share representing more than 75% of the retail sale price, and the portion of that corresponding to excise taxes representing at least 70% of the final retail price (3). Despite taxation being considered as the most cost-effective intervention to reduce tobacco use, it remains largely underutilized within the Region of the Americas. No country has reached the 70% excise tax share threshold recommended in the WHO Technical Manual on Tobacco Tax Administration, and only one country (Chile) has reached the highest category of achievement described in the WHO Report on the Tobacco Epidemic, marked by a threshold of at least a 75% share of total tobacco taxes in the retail price of the most widely sold brand of cigarettes (3-5). Meanwhile, there are 13 countries in the second highest category of achievement, 14 countries in the third highest category of achievement, and five countries in the lowest category of achievement, where the respective thresholds are a 51-75%, 26-50%, and 0-25% share of total tobacco taxes in the retail price of the most widely sold brand.

Nevertheless there has been some progress in the 10 years since the entry into force of the FCTC. Twenty-one Member States have increased the total tax share of the price of 20 cigarettes of the most widely sold brand, but only four countries (El Salvador, Nicaragua, Panama, and Saint Lucia) increased taxes to a level that allowed advancement from one tax share category to the next as defined above. At the same time the total tax has effectively declined in 12 countries. Two countries (Haiti and Cuba) lack adequate information that would allow a similar comparison.

In this context of relatively steady tax levels, the price of a pack of cigarettes (in international dollars adjusted for purchasing power parity) has increased in all but two countries in the Region within the last decade. This implies that the profit margin of the tobacco industry has increased and that governments are missing an opportunity to not only reduce tobacco consumption and hence improve the health of their populations but also to increase fiscal revenues (6).

Disseminating robust evidence on the economics of tobacco control that could facilitate dialogue with officials beyond the health sector could contribute in accelerating implementation of the FCTC, in particular its mandate related to tobacco taxes. The articles presented in this thematic issue of the *Pan American Journal of Public Health* provide evidence concerning four areas within the economics of tobacco control for which there is either little evidence or for which the evidence has been limited to a few countries: (i) tobacco demand analysis, as the need for high-quality studies estimating the country-specific price elasticities of demand for tobacco products continues to exist in many countries; (ii) equity issues related to tobacco, as there is limited regional evidence on the differential effects of the tobacco economics across different populations within countries ; (iii) illicit trade studies, as there is currently very limited evidence on both the magnitude and factors that influence illicit trade within the Region; and (iv) cost of the epidemic, as studies estimating the country-specific cost of the epidemic are scarce. The thematic issue also includes the Spanish version of a pioneer systematic review on the impact of price and taxes on the use of tobacco in Latin America and the Caribbean, which concludes that tax increases are an effective tool for reducing demand, but notes that the lack of individual-level data in the Region limits the policy relevance of studies.

By disseminating the available evidence within these topics, we hope to inform the formation of new evidence-based tobacco control policies by health authorities to reduce consumption and simultaneously shed light on existing gaps in the body of work on the economics of tobacco within the Region of the Americas.

## REFERENCES

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