

# The Single Best Health Policy in the World: Tobacco Taxes

**William Savedoff and Albert Alwang**

## Abstract

The single most cost-effective way to save lives in developing countries is in the hands of developing countries themselves: raising tobacco taxes. In fact, raising tobacco taxes is better than cost-effective. It saves lives while increasing revenues and saving poor households money when their members quit smoking. Yet tobacco companies have delayed or undermined efforts to raise tobacco taxes, using their substantial financial resources to intimidate and resist this fundamental public health measure. Focused and coordinated international action is needed to support governments so they can resist tobacco company strategies and implement large, effective tobacco taxes aimed at reducing smoking and premature death for 1 billion people in this century.

This policy paper summarizes important facts about tobacco consumption in developing countries, evidence on the effectiveness of tobacco taxation, and responses to the most common objections to raising tobacco taxes. It relies on medical, social and economic research into the impact of tobacco consumption and the effectiveness of different measures. It also draws from ongoing initiatives aimed to strengthen tobacco control. It concludes by describing the kinds of taxes that are most effective at reducing tobacco consumption and discussing the resources for and constraints upon international efforts to support tobacco tax increases.

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## Introduction

Tobacco taxes are the single most cost-effective way to save lives in developing countries.<sup>1</sup> This is because smoking-related diseases cause more deaths each year in developing countries than HIV/AIDs, tuberculosis and malaria combined and because people respond to higher tobacco prices by not initiating smoking, smoking less, or quitting. Despite being a remarkable opportunity to reduce unnecessary premature deaths, policies to raise tobacco taxes face resistance from the tobacco industry. In fact, the tobacco industry itself seems to recognize the effectiveness of tobacco taxes in reducing smoking as revealed during litigation in an internal Philip Morris memo:

*“Of all the concerns, there is one - taxation - that alarms us the most. While marketing restrictions and public [sic] and passive smoking do depress volume, in our experience, taxation depresses it much more severely. Our concern for taxation is, therefore, central to our thinking about smoking and health. It has historically been the area to which we have devoted most resources and for the foreseeable future, I think things will stay that way almost everywhere.”<sup>2</sup>*

One of the industry’s key strategies is to confuse policy makers by making arguments against tobacco taxes which are either incorrect or insignificant relative to achievable health gains. When these strategies fail, they seek to influence tobacco tax rates and structures in ways that undermine tobacco tax effectiveness.

This policy paper summarizes important facts about tobacco consumption in developing countries, evidence on the effectiveness of tobacco taxation, and responses to the most common objections to raising tobacco taxes. It relies on medical, social and economic research into the impact of tobacco consumption and the effectiveness of different measures. It also draws from ongoing initiatives aimed to strengthen tobacco control. It concludes by describing the kinds of taxes that are most effective at reducing tobacco consumption and discussing the resources for and constraints upon international efforts to support tobacco tax increases.

## Tobacco Use Kills

Tobacco use is the largest cause of preventable disease and death in the world, and smoking tobacco harms nearly every organ in the body (CDC 2014).

- Smoking contributed to the death of 100 million individuals in the last century (WHO 2008).
- Recent research has shown that smoking can kill up to *two thirds* of those who consume tobacco products (Banks et al. 2015).

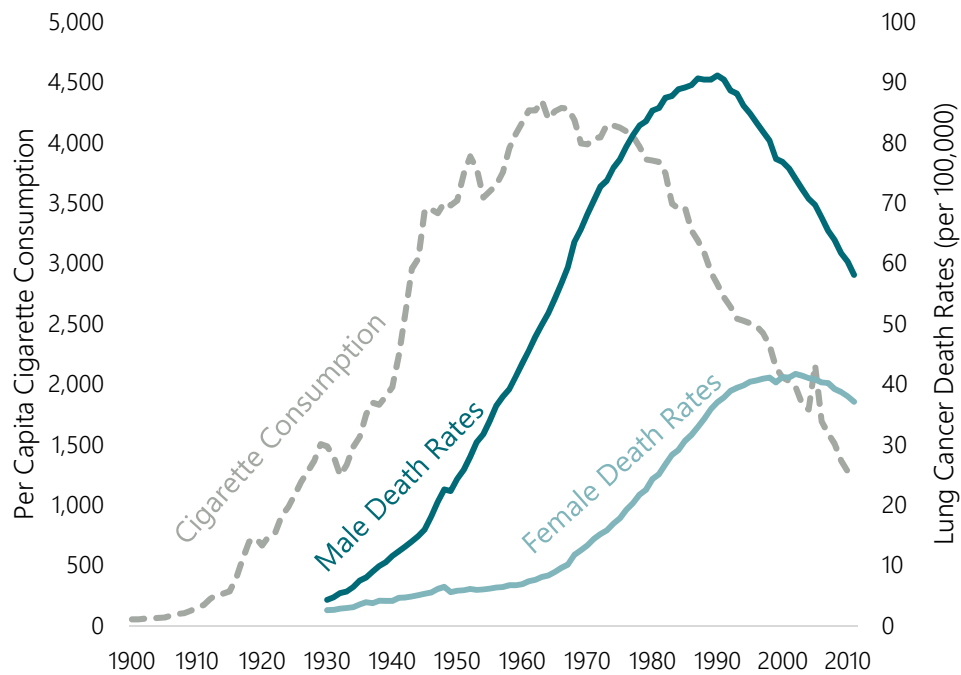
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<sup>1</sup> Note that the term “developing countries” is used in its general sense to refer to countries that are classified as low- or middle-income by the World Bank.

<sup>2</sup> Philip Morris document, “General Comments on Smoking and Health,” Appendix I in *The Perspective of PM International on Smoking and Health Initiatives*, March 29, 1985, Bates No. 2023268329/8348.

- On average smokers lose a decade of their life compared to non-smokers (Jha et al. 2013).
- Smokers are 2 to 4 times more likely to get coronary heart disease, 2 to 4 times more likely to experience a stroke, and about 25 times more likely to develop lung cancer as shown by data from the United States (CDC 2014).
- The number of deaths from lung cancer rises in any country where smoking increases and falls when smoking declines (see Figure 1 for an example).

**Figure 1: Deaths from lung cancer follow trends in cigarette consumption, United States, 1900 to 2010**



*Note:* 90 percent of lung cancer deaths in males are attributed to smoking, 80 percent for women (CDC 2014).  
*Source:* American Cancer Society 2015; American Lung Association 2011; and CDC 2011.

## **Despite Progress, Smoking Is Still on the Rise**

Despite the well-known health risks associated with smoking, the number of smokers is rising.

- The number of daily smokers increased from 721 million in 1980 to 967 million in 2012 (Ng et al. 2014).
- Globally, population is growing faster than the number of smokers. However in certain countries, even the share of smokers is increasing. For example, smoking prevalence is rising in Indonesia, 25 countries in Africa and 11 countries in the Eastern Mediterranean Region (Bilano et al. 2015).

- If left unchecked current smoking patterns will lead to one billion premature deaths in the 21<sup>st</sup> century (Jha 2012).

## **Tobacco Consumption Is a Development Issue**

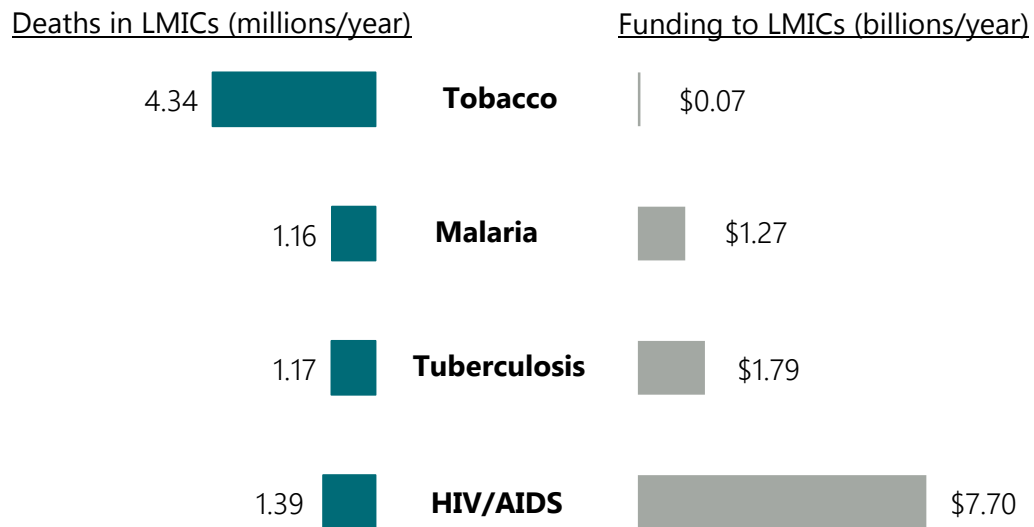
Tobacco use in low- and middle-income countries is responsible for a large and growing share of disease.

- In 2011, 4.3 million people in low- and middle-income countries died from diseases associated with tobacco use (Eriksen et al. 2015)
- 80 percent of the world's current smokers live in low- and middle-income countries (WHO 2014a).
- Tobacco-related diseases kill more people each year than HIV/AIDS, tuberculosis, and malaria combined (see Figure 2).
- If current tobacco use trends persist, 800 million individuals in low- and middle-income countries are projected to die in this century (Jha 2012).

Smoking affects economic growth through the premature deaths of experienced people in the workforce and higher health care costs.

- Treating diseases related to smoking places a financial burden (US\$2.1 trillion globally) on health care systems through direct and indirect costs (Dobbs et al. 2014).
- In China, tobacco consumption cost the economy US\$28.9 billion in 2008 (Yang et al. 2011).
- In India, one fourth of public health spending goes to treating tobacco-related diseases (John 2010).

**Figure 2: Tobacco control is underfunded compared to the damage it causes in developing countries**



Source: Eriksen et al. 2015

## **Tobacco Taxes Save Lives, Raise Revenues, and Are Inexpensive To Implement**

The World Health Organization’s (WHO) Framework Convention on Tobacco Control – signed by 168 countries – recognizes that raising tobacco taxes is critical to preventing premature death from smoking along with complementary measures like monitoring tobacco use, protecting people from second-hand smoke, providing help to smokers who choose to quit, warning the public about the dangers of tobacco, and enforcing bans on tobacco advertising.<sup>3</sup>

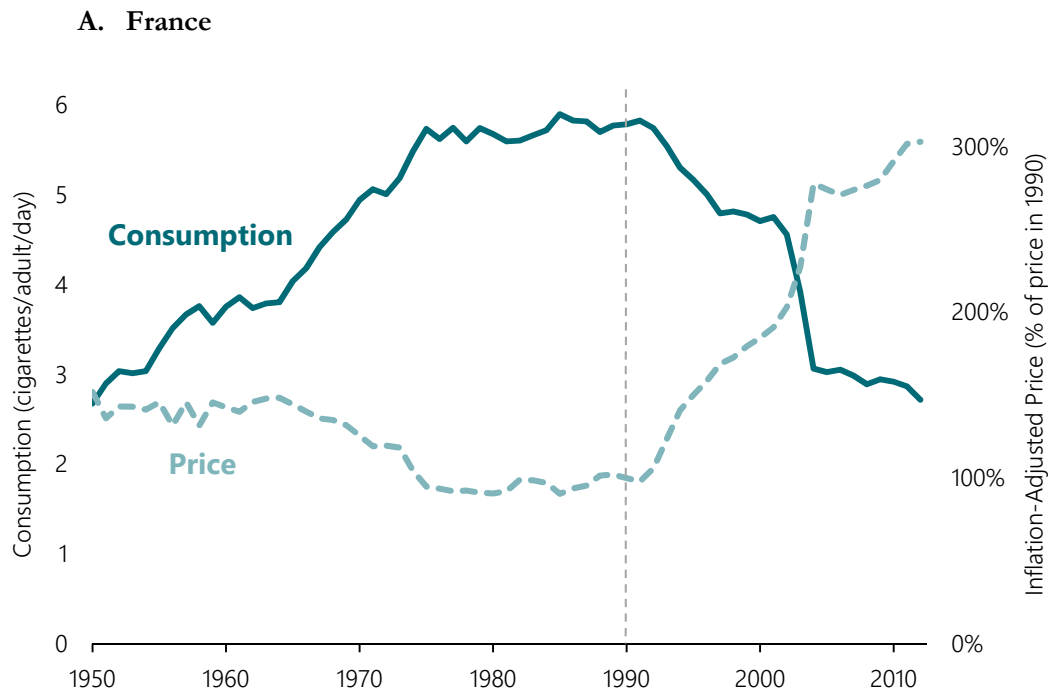
Tobacco taxes are the most cost-effective intervention available to reduce tobacco consumption and save lives. Such taxes can help developing countries prevent premature deaths, increase government revenues, and reduce health care costs. Though taxes require expenditures on administration and enforcement, the cost is very low relative to the health gains.

- Tobacco taxes reduce smoking. A 10 percent increase in the real price of cigarettes leads to an average 4 percent reduction in tobacco consumption (WHO 2010).

<sup>3</sup> For more on these complementary measures visit the World Health Organization’s [Tobacco Free Initiative](#).

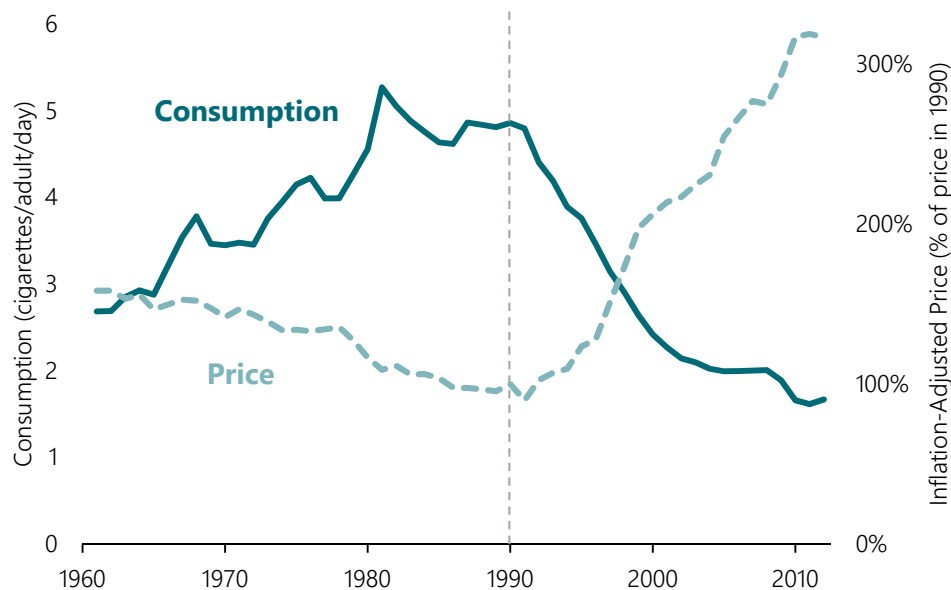
- South Africa and France have achieved substantial reductions in tobacco consumption and smoking prevalence by relying on large tobacco tax increases (see Figure 3). From 1993-2005, South Africa tripled the real price of cigarettes and aggregate cigarette consumption fell by a third (Van Walbeek 2006). From 1990 to 2005, France was able to halve cigarette consumption and double tobacco revenues by tripling the real price of cigarettes (Jha and Peto 2014).
- Tobacco taxes are one of the most cost-effective health interventions available. Using taxes to raise the price of tobacco products in low- and middle income countries costs between US\$3 – US\$70 for each additional year of life (as measured by Disability Adjusted Life Years or DALYs) (Ranson 2002), comparable to the cost of child immunization.
- Tobacco taxes are more cost-effective than other tobacco control measures. For example, nicotine replacement therapy costs between US\$280 and US\$970 per DALY and a packet of non-price interventions (including a ban on public smoking, ban on advertising, etc.) costs between US\$36 and US\$710 per DALY (Ranson 2002).

**Figure 3 A. & B.: Tobacco taxes raise prices and lower consumption**



*Source:* Adapted from Jha and Peto 2014

## B. South Africa



Source: Adapted from Jha and Peto 2014 using population data from the World Bank Development Indicators.

## Tobacco Taxes May Even Make People Happier

There is some evidence that people who are likely to smoke are happier when tobacco taxes increase because the tax helps them to avoid, stop or diminish an unhealthy addiction (Gruber and Mullainathan 2005). This study found that:

- smokers were not as happy as non-smokers (e.g., 8 percent fewer smokers report being “very happy” compared to non-smokers in both the US and Canada);
- A US\$1.00 increase in tobacco taxes reduced the unhappiness reported by likely smokers by 2.5 percentage points compared to those unlikely to smoke;
- introducing a US\$1.60 tax on tobacco would affect the happiness of a likely smoker by the same amount as moving that person from the bottom to the third income quintile; and
- taxes on non-addictive products like gasoline or general sales, by contrast, make no difference to the relative happiness of likely and unlikely smokers.

## Objections to Raising Tobacco Taxes

Raising taxes is rarely popular but politicians have been swayed when they see clear evidence that tobacco taxes are an excellent policy for public health and the economy.<sup>4</sup> However, lobbying from the tobacco industry confuses lawmakers and is responsible for dropping,

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<sup>4</sup> Examples of countries raising tobacco taxes include the Philippines ([http://global.tobaccofreekids.org/en/industry\\_watch/case\\_studies/the\\_philippines\\_advocates\\_and\\_government](http://global.tobaccofreekids.org/en/industry_watch/case_studies/the_philippines_advocates_and_government)) and Mexico ([http://global.tobaccofreekids.org/en/industry\\_watch/case\\_studies/mexico\\_tobacco\\_control\\_advocates](http://global.tobaccofreekids.org/en/industry_watch/case_studies/mexico_tobacco_control_advocates)).



delaying or altering tobacco tax proposals. The four main arguments used to resist tobacco taxes are claims that such taxes will (1) threaten jobs, (2) raise little revenue, (3) hurt the poor and (4) lead to smuggling. Some of these arguments are factually incorrect. Others are focused on costs that are insignificant relative to the potential health benefits.

## **1. Tobacco taxes, jobs and exports**

Tobacco companies claim that policies to reduce tobacco consumption eliminate jobs, reduce exports and slow economic growth. To sustain such arguments, they focus only on the immediate and direct effects of reducing tobacco consumption and hide the fact that consumers will spend their money on other products, spurring economic activity in those other sectors.

- Despite claims to the contrary, higher tobacco taxes generate at least as many jobs in other sectors as they eliminate in the tobacco industry (including farming, manufacturing and retail) (Jacobs et al. 2000). As smokers quit, the money they would have spent on tobacco products is spent instead on other goods and services (Jacobs et al. 2000). A study for Indonesia estimated that raising tobacco taxes by 25 percent would lead to a net *increase* in employment of 84,340 (Ashan 2007). Two studies on the United States found similar results with job losses in the tobacco sector more than offset by rising employment in other sectors (Warner 1994 and Warner et al. 1996).
- Furthermore, tobacco represents a small part of economic activity in most countries. China is the world's largest producer of tobacco, yet only 2 percent of farmers grow tobacco and most of them also grow other crops. Furthermore, cigarette retail and manufacturing represents only 0.7 percent of the country's total employment (Hu et al. 2008). In India, *bidi* production employs 0.7 percent of total employment (Nandi et al. 2014). In Indonesia, tobacco is grown by 1.7 percent of farmers (Barbara et al. 2008); and in Brazil, tobacco products represents less than 1 percent of manufacturing employment (Memedovic 2010).
- Tobacco tends to be a small share of exports. Raw tobacco accounts for only 1 percent of exports from Brazil, 0.28 percent from India, and less than 0.01 percent of exports from the United States and China.<sup>5</sup>
- Raising taxes helps all countries. Only six Sub-Saharan African countries rely on tobacco for more than 5 percent of their export earnings (see Table 1). Yet raising domestic taxes would still benefit them substantially. By raising tobacco taxes these countries would reduce premature deaths, increase government revenues and potentially increase the supply of tobacco they have for export.

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<sup>5</sup> Based on the authors' calculations using [The Atlas of Economic Complexity](#), Harvard.

**Table 1. Tobacco as a share of total exports, selected countries, 2013**

	Total Trade Value (in Millions US\$)	Value of Tobacco* (in Millions US\$)	Value of Tobacco (Share of Trade)
Zambia	6,032.4	297.3	5%
Mozambique	5,427.4	297.0	5%
Uganda	1,442.2	144.0	10%
Tanzania	3,598.9	363.5	10%
Zimbabwe	2,233.3	837.2	37%
Malawi	1,009.0	530.3	53%

\*SITC Revision 4: 121, Tobacco, unmanufactured; tobacco refuse.

Source: UN 2015

## **2. Tobacco taxes and government revenues.**

Countries that implement tobacco taxes generate more government revenues except when tax administration is ineffective. Yet, tobacco taxes are easier to administer and enforce than most other taxes.

Tobacco consumption falls by an average of 4 percent for every 10 percent increase in price. Thus when taxes rise, revenues will increase in the short- and medium-term. Even if tobacco tax revenues fall in the long-term, it is a sign of a public health success: it means that people are smoking less and will be living longer, healthier and more productive lives.

- Actual cases demonstrate substantial revenue gains from tobacco taxes. In Mexico, tobacco tax revenues rose 9 percent in 2011 after a tax hike the previous year.<sup>6</sup> Poland increased tobacco tax revenues 109 percent by increasing excise taxes on cigarette retail prices from 42 to 63 percent (Eriksen 2012).
- Studies demonstrate large potential revenues gains for countries like China and India from tax hikes. China could increase revenues by an estimated US\$10.4 billion<sup>7</sup> by raising the tobacco tax rate to 51 percent of the retail price (Hu et al. 2008). India could raise an estimated US\$3.9 billion in revenues if it raised the tax on *bidis* from 9 to 40 percent and on cigarettes from 38 to 78 percent (John et al. 2010).
- Tobacco taxes are easier to collect and enforce than most other taxes when they are administered directly at the point of wholesale manufacturing or import (FCA 2014; WHO 2010).

## **3. Tobacco taxes and the poor.**

Low-income individuals smoke more than affluent people (Bobak et al. 2000) but they also respond more to price hikes by quitting or reducing consumption (CDC 1998, Townsend 1994, and Barkat et al. 2012). Consequently, poor smokers receive more health benefits than

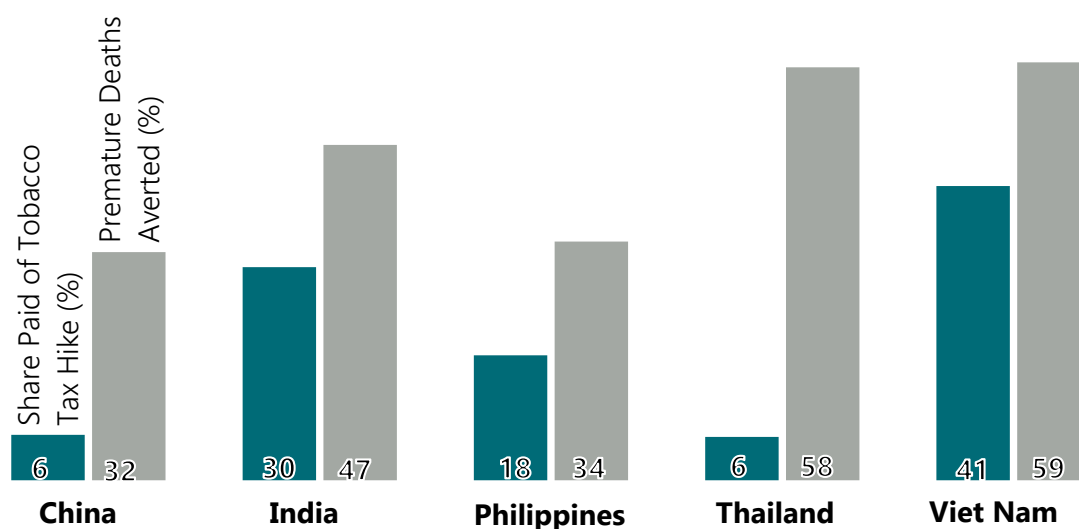
<sup>6</sup> [Mexico Reaps Revenue Gains from Tobacco Taxes, Campaign for Tobacco-Free Kids.](#)

<sup>7</sup> Market exchange rate of 1 CNY to US\$0.16, accessed 3/10/2015

rich smokers while the bulk of the tobacco tax burden is paid by wealthier smokers (see Figure 4).

- In Thailand, the lowest socioeconomic class would pay 6 percent of an increase in tobacco tax revenues but benefit from 58 percent of averted deaths (Jha et al. 2012).
- In China, a 50 percent increase in excise tax on cigarettes would lead to 79 million years of life gained, reduce household expenditures on tobacco by US\$21 billion, diminish expenditures on tobacco-related diseases by US\$6.6 billion and provide financial risk protection of US\$1.3 billion to the lowest income quintile of households over a 50-year period (Verguet et al. 2015).
- Even in Vietnam, where the differences are not as large, the lowest socioeconomic class would pay 41 percent of an increase in tobacco tax revenues but benefit from 58 percent of averted deaths (Jha et al. 2012).

**Figure 4: Share of tax burden and premature deaths averted among lower income groups in five countries (percentage of total)**



Source: Jha et al. 2012

#### **4. Tobacco taxes and smuggling.**

Smuggling between countries with different tobacco tax rates can undermine the effectiveness of tobacco taxes, both in terms of the number of lives saved and the revenues generated.

- Nevertheless, the threat of illicit trade in cigarettes has been exaggerated. Since 2000, contraband cigarettes have remained a consistent 9 to 11 percent share of the cigarette market despite increases in tobacco taxes in many countries (Eriksen 2012).

- Tobacco taxes and prices are not the only nor even the primary determinants of smuggling. Rather, non-price factors related to the effectiveness of tax administration, the presence of organized crime networks, and complicity by the tobacco industry itself are more important (Joossens et al. 2000). Many countries have shown that it is possible to maintain higher tobacco product prices and lower levels of smuggling (Joossens & Raw 2008; Joossens et al. 2009).
- Large-scale smuggling is difficult without tobacco industry involvement (Gilmore et al. 2013, LeGresley et al. 2008, Nakkash 2008, Joossens 1998, Joossens 2000, and Rowell 2001). In Canada, the tobacco industry successfully used the risks of smuggling to overturn tax hikes,<sup>8</sup> but later investigations revealed that the tobacco companies themselves were responsible for the illicit trade and evasion (CRA 2010).
- Countries have successfully controlled smuggling. Transnational tobacco companies signed an agreement to help combat illicit trade in the EU (Gilmore et al. 2013). Subsequently, the UK has reduced smuggling from a peak of 21 percent in 2000 to 9 percent in 2012 (Campaign for Tobacco-Free Kids 2012).

## **We're making progress ...**

If tobacco taxes are such a great idea, why aren't more countries raising them? Actually, many developing countries have made progress in the last decade.

- In Brazil, the average real price of cigarettes increased by 74 percent between 2006 and 2013 due to a 116 percent increase in excise tax per pack (Campaign for Tobacco-Free Kids 2014a).
- The Philippines reformed its cigarette tax regime in 2013 – instead of having four classifications for cigarettes it now has only two. This reform raised taxes on the cheapest cigarette brands from US\$0.05 to US\$0.28 per pack.<sup>9</sup> The tax hikes doubled government tobacco tax revenues (Campaign for Tobacco-Free Kids 2014b).

These efforts might be more successful if not for aggressive opposition by the tobacco industry, which consistently works to halt, reduce, or alter the structure of tobacco taxes.

- In 2009, the tobacco industry lobbied against and defeated legislation to raise tobacco taxes in Mexico. When public health advocates reintroduced legislation in 2010, the tobacco industry raised fears about encouraging illicit trade, threatened that they would close operations in Mexico, and used tobacco grower associations to exaggerate the effects of the tax increase on farmers. This time, however, public health advocates initiated a coordinated campaign to educate legislators, inform the public of the true effects of smoking and the effectiveness of tobacco taxes, and identified key political champions. The Mexican Congress subsequently passed a tax hike by overwhelming

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<sup>8</sup> [“Canada Cuts Cigarette Taxes to Fight Smuggling,”](#) *New York Times*, Feb. 9, 1994.

<sup>9</sup> [“Philippines: New Taxes on Tobacco Introduced,”](#) using market exchange rate of 1 PL to US\$0.023, (accessed 3/8/2015).

- margins and taxes have since pushed retail cigarette prices up by an average of 35 percent.<sup>10</sup>
- Ugandan tobacco control legislation also failed in 2011 due to industry opposition. However, in 2013, tobacco control advocates organized themselves for another attempt. This time, lobbying by tobacco companies was countered by a tobacco industry monitoring team which anticipated industry arguments, provided parliamentarians with information on public health and industry tactics, and mobilized public opinion. This concerted effort ultimately succeeding at getting tobacco taxes raised.<sup>11</sup>

### **... but these efforts are not enough**

Despite progress in some places, tobacco taxes are too low in most countries to slow the epidemic of smoking-related diseases.

- Only 8 percent of the world's population live in a country that has taxes high enough to affect consumption (WHO 2013), and most of these are in Europe (WHO 2014b).
- Specific excise taxes only make up 37 percent of the total cost of cigarette packets in low-income countries compared to 54 percent in high-income countries (Jha and Peto 2014).

Thus, progress will remain slow unless more resources – both human and financial – are put into the effort to raise tobacco taxes.

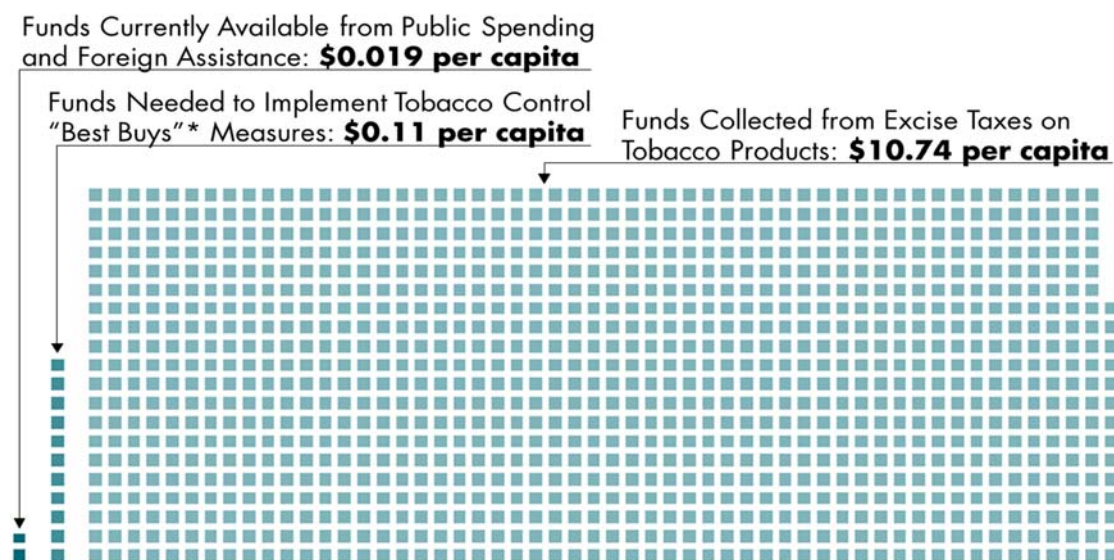
- Although governments collect about US\$145 billion in tobacco excise tax revenue, just US\$1 billion is spent on tobacco control (Eriksen 2015 and see Figure 5).
- Total foreign assistance for tobacco control measures in low- and middle-income countries is US\$68 million. This is equivalent to the amount that the tobacco industry spends on advertising in the United States alone *every three days* (Eriksen 2015).
- Half of the foreign assistance for tobacco control comes from two private foundations – the Bill & Melinda Gates Foundation and Bloomberg Philanthropies (Stoklosa & Ross 2014).
- The World Bank and International Monetary Fund offer technical support to developing countries interested in raising tobacco taxes but neither one has a full-time staff person dedicated exclusively to tobacco control and most of their activities are supported by external foundations rather than their own administrative budgets. The IMF said it would release a paper on tobacco tax policies over two years ago but the document has not yet been published.

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<sup>10</sup> [Mexico: Tobacco Control Advocates Effectively Counter the Tobacco Industry During Tax Campaign](#) (Accessed May 27, 2015).

<sup>11</sup> [Monitoring team thwarts tobacco industry interference in Uganda](#) (Accessed May 27, 2015).

Figure 5. Too few resources applied to tobacco control in low- and middle-income countries, 2011



\*Best buys measures include; program strategy development, smoke-free policies, raising tobacco taxes, package warnings, advertising bans, and media campaigns.

Note: One square equals one cent (US\$ 2011) per capita.

Source: Eriksen 2015

## ... and we need to raise tobacco taxes in the most effective ways

Some ways of raising tobacco taxes are less effective than others. Many guidelines are available for making tobacco taxes effective, including publications by the Framework Convention Alliance (FCA) and WHO (FCA 2014; WHO 2010). Some of the general design rules are:

- Specific excise taxes (taxes levied for each *unit* of product) tend to be easier to collect than ad valorem excise taxes (which are levied as a percentage of the *value* of the product). Specific excise taxes only require verifying the quantity sold and not the price charged.
- Specific excise taxes need to be adjusted with inflation, otherwise their impact will erode over time.
- Reducing the difference in price between tobacco products is more likely to discourage smoking because individuals are more likely to quit instead of substituting cheaper brands. Making specific excise taxes uniform can effectively reduce price differences.
- Large initial tax hikes are more likely to change smoking behaviors than gradual and incremental increases, for a variety of behavioral reasons.

Nevertheless, the most effective tax regime will depend on context, including the current tobacco tax level, current tax structures, general rates of inflation, and tax administration

capacity. This is why international technical assistance from organizations like the World Bank and the IMF can make such a big difference.

Even when tobacco taxes are enacted, the tobacco industry has strategies to minimize the impact on tobacco consumption and profits. They may stockpile cigarettes before a tax hike, differentiate prices by brand, offer promotional discounts, arrange kickbacks with retailers, or change the attributes of tobacco products to exploit lower tax regimes (Ross and Tesche 2015). The industry's ability to counter the effects of a tax increase depend on the complexity of the tax structure, how competitive is the market, and how proactively the government monitors and responds to industry tactics, among other things.

- Indonesian tobacco tax rates differ between cigarettes and *keretek*,<sup>12</sup> between machine-made and hand-rolled products, and between large and small firms. Tobacco companies exploited these differences by, for example, dividing production into smaller scale operations in subsidiary firms. The Indonesia government subsequently addressed this tax avoidance strategy by treating subsidiaries and parent companies together for tax purposes (Ross and Tesche 2015).

## **Fragmented Underfunded Public Policymakers Are Poorly Matched against Focused Well-Funded Tobacco Companies**

Tobacco companies have undermined public health efforts to save hundreds of millions of lives by delaying the introduction of tobacco taxes, reducing tax rates, or advising countries to adopt tax policies that are less effective at reducing tobacco consumption. They do so by promoting false or exaggerated concerns related to the effect of tobacco taxes on employment, government revenues, poor people and smuggling.

Public action is in turn hampered by the fragmentation of responsibilities. Within governments and international agencies, those with a mandate to address health issues rarely have influence with those responsible for tax policies. Tobacco companies can exploit these differences by lobbying against tobacco taxes or by encouraging Finance Ministries to adopt policies which are less effective in discouraging smoking. Political support for controlling tobacco also tends to be dispersed and poorly-funded because the benefits – premature deaths averted in the future – are difficult to see. By contrast, opposition to tobacco control is well-funded by the tobacco industry whose financial interests are directly threatened by progress in reducing tobacco consumption.

*An effective tobacco control policy using tobacco taxes could prevent 110 million deaths related to smoking in the coming decades (Jha 2012). It would require tripling inflation-adjusted specific excises taxes in low- and middle-income countries, leading average cigarette prices to double. This in turn would cut consumption by one-third and increase revenues by about one-third (Jha and Peto 2014).*

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<sup>12</sup> Indonesian clove cigarettes.

To achieve this goal, public action needs to be sustained and active with resources commensurate with the scale of the disease burden and the cost-effectiveness of interventions. The first line of actors working to increase tobacco taxation are in every country in the world – they are politicians, public health experts, public finance experts, community organizers, and researchers. Private foundations like Bloomberg Philanthropies and the Bill & Melinda Gates Foundation have also put substantial private resources into supporting countries in implementing effective tobacco taxes.

However, faced with tobacco company efforts to influence, intimidate, and manipulate policymakers, the world's high-income countries and multilateral agencies are not helping enough. Many of the world's richest countries – like Japan, the United States and the United Kingdom – have substantially reduced domestic tobacco consumption. They also contribute substantial resources to global health programs. Nevertheless, they provide extremely little financial support to tobacco control efforts overseas. Simultaneously, they support international agreements on investment protection, intellectual property and dispute settlements that are regularly exploited by tobacco companies to intimidate countries wishing to implement effective tobacco controls.

The world's wealthy countries need to pay as much attention to protecting people in low- and middle-income countries from tobacco-related diseases as they do in their own countries by:

- Increasing bilateral funding to support tobacco control efforts in developing countries, either directly or through multilateral and non-governmental institutions.
- Instruct trade representatives and those negotiating, implementing and enforcing international agreements on investment protections and intellectual property to adopt, strengthen, and heed well-known provisions that exempt public health measures – like tobacco control – from being exploited illegally and unethically by private corporations.
- Investigate and prosecute tobacco companies for illegal actions that have included bribing public officials and participating in smuggling and illicit trade.

Institutions like the World Bank and IMF should have full-time staff dedicated to supporting tobacco tax increases in countries around the world with adequate budgets for providing technical assistance, research, and tools for advocacy. With more dedicated staff and resources, these multilateral agencies could:

- Advise more countries on the most effective tax structures for reducing tobacco consumption
- Encourage regional coordination to make tobacco taxes more effective, easier to administer, and better enforced.



- Provide research and visible political support to counter tobacco company strategies aimed at undermining effective tobacco control measures.

Knowing the facts about the large benefits of tobacco taxation and understanding the flaws in the arguments of tobacco tax opponents is an important step in disarming the challenge to preventing deaths from tobacco products. But overcoming the fragmented responsibilities in public agencies and mobilizing sufficient resources and staff to support effective tobacco taxes is of equal importance. Millions of lives and decades of life hang in the balance.

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