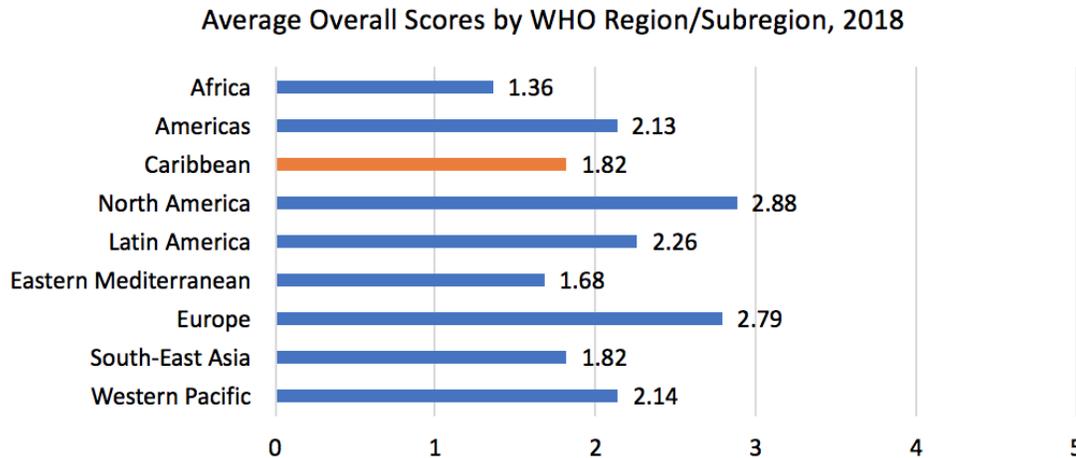


Cigarette Tax Scorecard: Spotlight on The Caribbean



Key Messages

- In the Tobacconomics Cigarette Tax Scorecard, the average overall score in 2018 in the Caribbean is 1.82 out of 5 possible points. This is below the global average of 2.07 and the average of the other countries in the western hemisphere.
- Out of the four components used to calculate the overall score in the Scorecard, Caribbean countries perform best on tax structure, with an average score of 3.3 points, suggesting that some countries have a foundation to improve cigarette taxation.
- The region would benefit most from increasing the tax share of price—the average score in that component is only 0.5 points out of 5, revealing that tax is a very small proportion of price in most countries in the region.
- The average affordability score in the Caribbean is 1.1 out of 5, demonstrating that cigarettes are not becoming less affordable—a key goal of tobacco taxation—in most of the region.
- Out of these Caribbean countries, Suriname scores the highest with 3.4 points, while Antigua and Barbuda scores the lowest with 0.5 points out of 5.

Introduction

The Tobacconomics Cigarette Tax Scorecard evaluates countries' cigarette tax systems based on a five-point rating system that incorporates international guidance and best practices in tobacco taxation. The five-point index uses data from the World Health Organization to score countries on the following four components: cigarette price, changes in the affordability of cigarettes over time, the share of taxes in retail

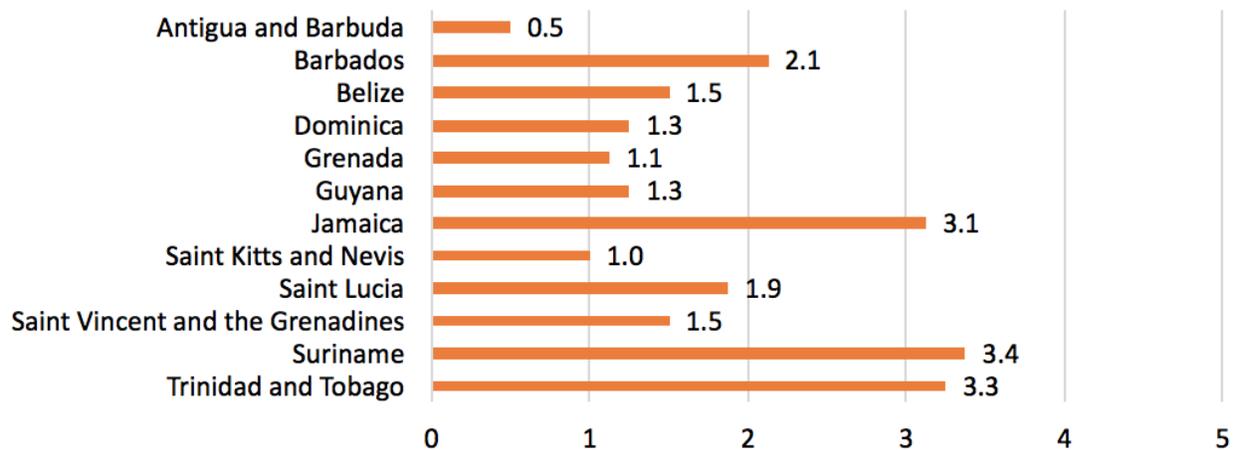
cigarette prices, and the structure of cigarette taxes. The total score reflects an average of the four component scores.

The Caribbean region is scoring below many other regions and the global average. Improving cigarette tax policies would decrease smoking prevalence, while raising additional tax revenues for governments.

Regional Findings

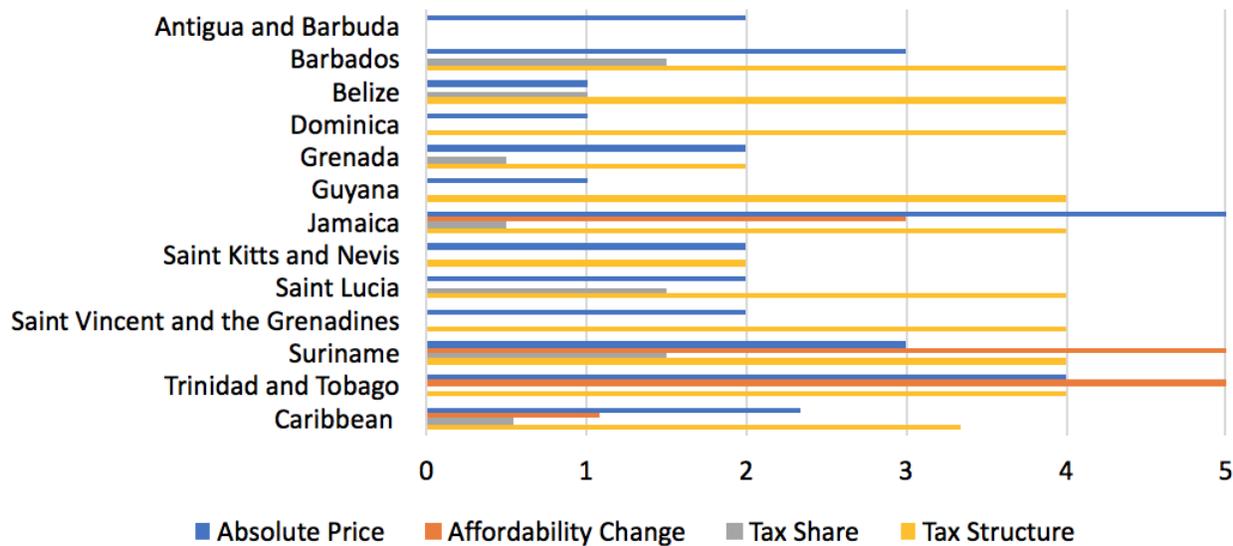
There is significant variation across the Caribbean region for overall scores. Suriname scored the highest in 2018 with 3.4. Antigua and Barbuda had the lowest score at 0.5, and six other countries scored 1.5 points or less. These findings suggest that there is significant room for improvement in tobacco taxation in the region.

Overall Scores, Caribbean, 2018



Note: There are insufficient data for the Bahamas for 2018, but it scored a 3.5 in 2016. There are insufficient data for Haiti for all years.

Component Scores, Caribbean, 2018



Note: There are insufficient data for the Bahamas in 2018, but in 2016, their scores were Absolute Price (4); Affordability Change (5); Tax Share (1); and Tax Structure (4). There are insufficient data for Haiti for all years.

Key Component Findings

Cigarette Price

Price is a key determinant of cigarette use— as the price increases, demand decreases.

The average score in the Caribbean region for this component is 2.3 out of 5. Jamaica scores

the highest (5) while Belize, Dominica and Guyana lag behind the rest of the region with a score of 1 out of 5.

Changes in Cigarette Affordability

To reduce demand, cigarettes must become less affordable. As cigarettes become less affordable, consumers buy fewer and many will stop buying them altogether. As part of this effort, at a minimum, cigarette prices must be updated for inflation and income growth.

The average score in the Caribbean region for this component is only 1.1 out of 5. Suriname and Trinidad and Tobago score a 5, Jamaica scores a 3 and the remaining countries score a zero, suggesting enormous opportunity for improvement.

Tax Share

High tax share of price is essential in order to raise government tax revenues from cigarettes.

The Caribbean countries are scoring particularly poorly in the tax share component, with an

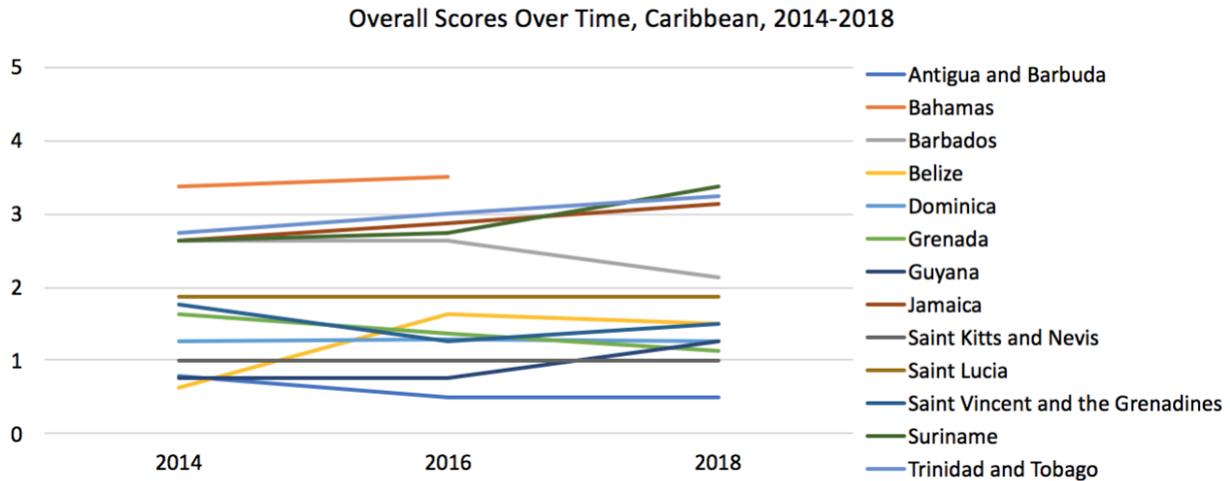
average of 0.5 points out of 5. Every country in the region has significant opportunity to improve the tax share of the price, which will help to increase government tax revenues.

Tax Structure

Tax structures vary in their effectiveness when it comes to reducing tobacco use and collecting tax revenue. Uniform specific systems are generally the most effective and easiest to administer.

The average score in the Caribbean for this component is 3.3 out of 5. Nine countries score 4 out of 5 (but no country scores a 5), suggesting a foundation for tax reform—i.e., higher excise tax. Antigua and Barbuda scores 0.

Scores Over Time



The Caribbean region demonstrates significant variation in its cigarette tax policies, but there has not been much recent improvement. Several countries (e.g., Belize, Jamaica, Suriname and Trinidad & Tobago) increased their scores

modestly since 2014. In contrast, Barbados and Grenada (among a few others) declined in the same time period. For every country, there is plenty of opportunity to improve and reap the health and fiscal benefits.