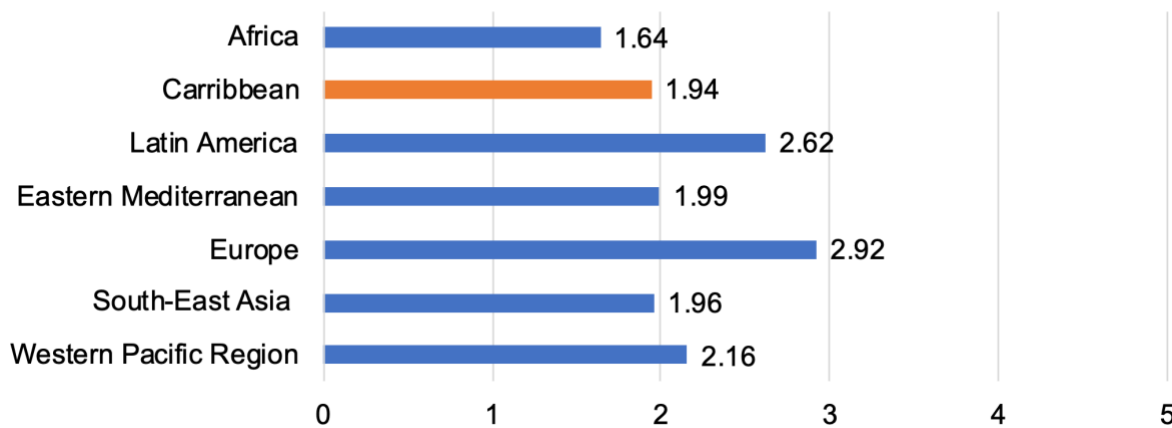


Cigarette Tax Scorecard: Spotlight on the Caribbean

Average Overall Scores by WHO Region/Subregion, 2020



Key Messages

- In the second edition Tobacconomics Cigarette Tax Scorecard, the average overall score in 2020 in the Caribbean is 1.94 out of 5 points. This is below the global average of 2.28 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 performed best on tax structure, with an average score of 3.56 points, suggesting that some countries have a solid foundation to improve cigarette taxation.
- Excise tax rates in the region are very low by global standards and need to be raised and regularly adjusted upward to reap more public health and revenue benefits.
- Higher excise tax rates would increase the tax share of price—the average score in that component is only 0.22 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 1.08 out of 5, demonstrating that most governments are failing to make cigarettes less affordable.

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

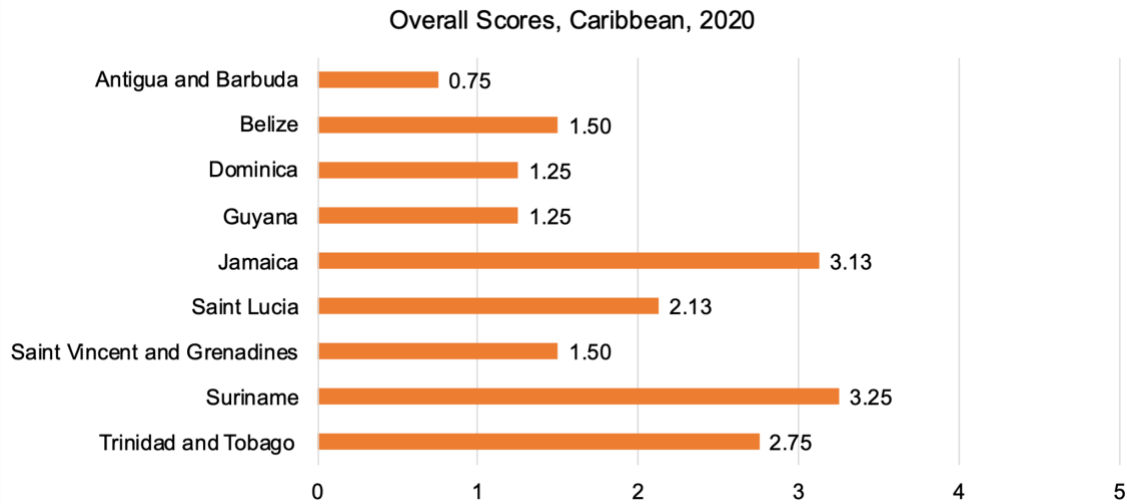
cigarette prices, and the structure of cigarette taxes. The total score reflects an average of the four component scores.

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

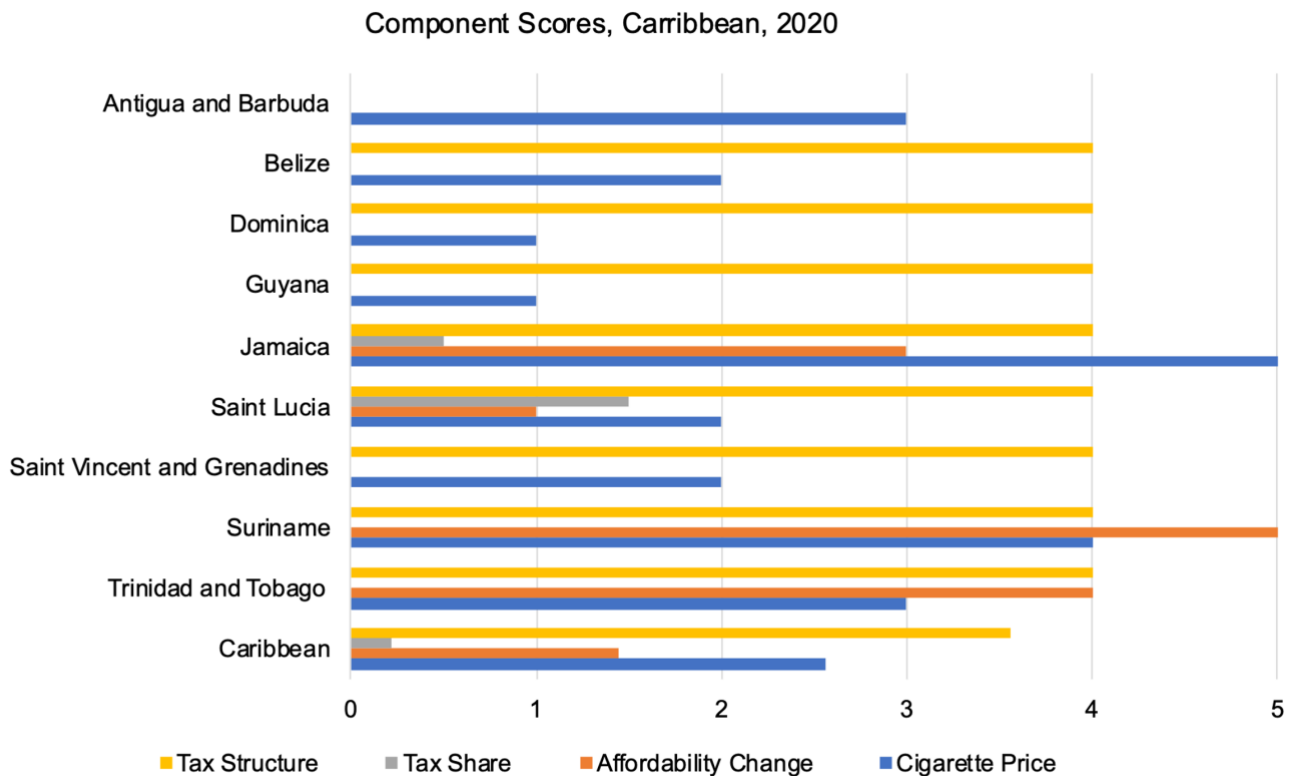
Regional Findings

There is significant variation across the Caribbean region for overall scores. Suriname scores the highest in 2020, at 3.25 points out of 5. Antigua and Barbuda has the lowest score at

0.75, and five other countries score 1.5 points or less. These findings suggest that there is significant room for improvement in tobacco taxation in the region.



Note: There are insufficient data for Barbados, Grenada, and Saint Kitts and Nevis



Note: There are insufficient data in the cigarette price, tax share, and tax structure components for Barbados, Grenada, and Saint Kitts and Nevis. All three countries received a score of 0 in the affordability change component.

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 2.56 out of 5. Jamaica scores the highest, scoring all 5 points, while Dominica and Guyana lag the rest of the region with a score of 1 out of 5.

Change 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 1.08 out of 5. Suriname scores all 5 possible points, Trinidad and Tobago scores a 4, and Jamaica scores 3 points out of 5. All eight remaining countries score 0 points out of 5, suggesting enormous opportunity for improvement.

Tax Share

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

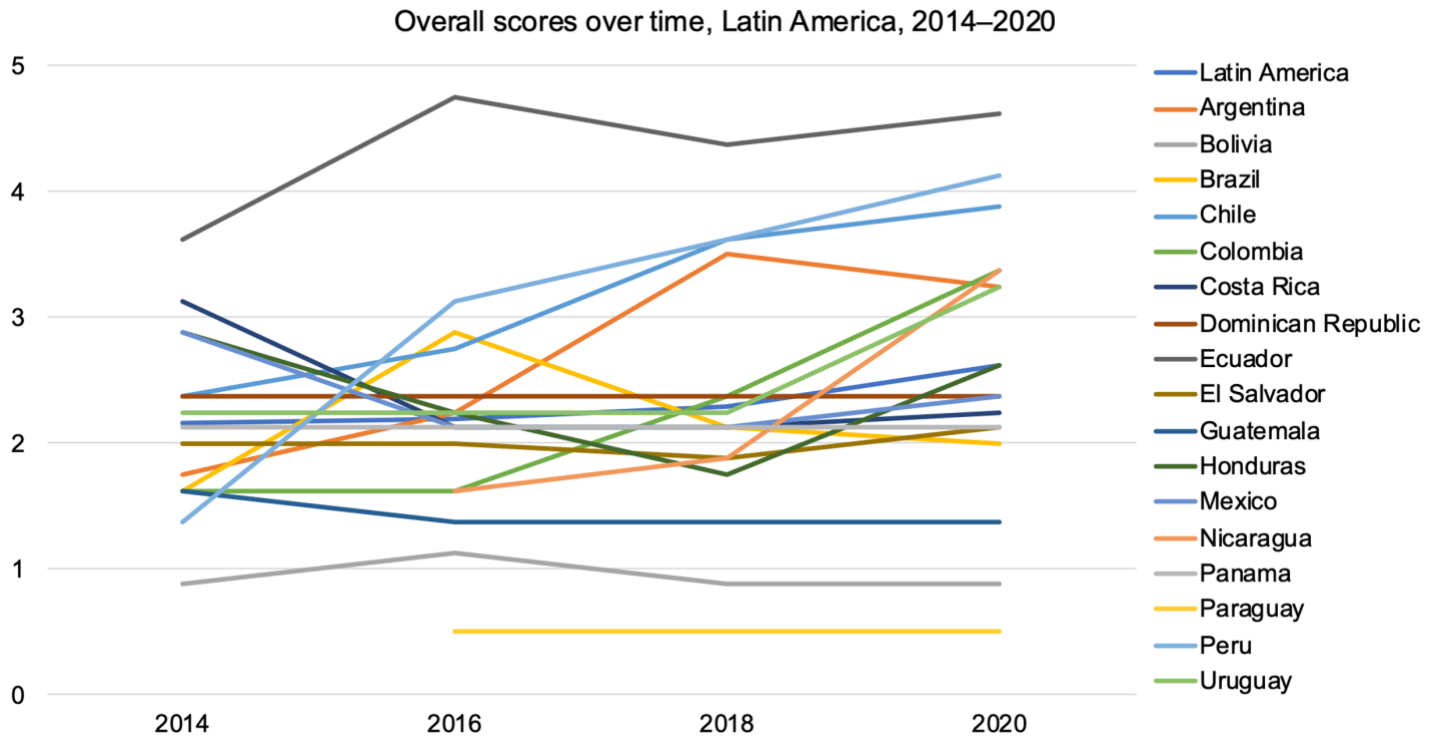
The Caribbean countries are scoring particularly poorly in the tax share component, with an average of just 0.22 points out of 5. Every country in the region has significant opportunity to improve the tax share of the price, which will help to increase government tax revenues.

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 3.56 out of 5. Eight countries score 4 points out of 5 (but no country scores a 5), suggesting a good foundation for tax reform— i.e., higher excise tax. One specific challenge is that countries do not regularly raise their taxes to outpace inflation and/or economic growth. Antigua and Barbuda scores 0 points out of 5 because it has no tobacco excise tax.

Scores Over Time



Note: There are insufficient data for Belize, Grenada, and Saint Kitts and Nevis in 2020.

The Caribbean region demonstrates significant variation in its cigarette tax policies, but there has not been much recent improvement. Two countries (Antigua and Barbuda and Saint Lucia) increased their scores modestly since 2018, while Belize, Dominica, and Jamaica’s score remained constant. In contrast, Guyana, Saint

Vincent and Grenadines, Suriname, and Trinidad and Tobago’s overall scores declined in the same time period. For every country, there is plenty of opportunity to improve cigarette taxation and reap the health and fiscal benefits, especially increased tax revenues.