The Economics of Tobacco Control in Latin America: Highlights and Gaps

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Building the Case for Increasing Taxes in Latin America and the Caribbean World Conference on Tobacco or Health
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Economic Costs of Tobacco Use
Smoking-Attributable Spending as Share of Total Health Expenditures, 2012, by Income Group and WHO Region

Source: Goodchild, et al., 2017
Smoking-Attributable Health Care Expenditures
Region of the Americas

Source: PAHO 2016
Economic Costs of Smoking-Attributable Diseases as Share of GDP, 2012, by Income Group and WHO Region

Source: Goodchild, et al., 2017
Tobacco Taxes & Tobacco Use
Cigarette Price & Consumption
Mexico, 2001-2014, Inflation Adjusted

Sources: EIU, Euromonitor, and World Bank

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Adult Smoking Prevalence & Price

Brazil, Inflation Adjusted, 2006-2013

Sources: Ministry of Health, Brazil; EIU; World Bank

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Sources: Ministry of Health, Brazil; EIU; World Bank
Cigarette Price & Youth Smoking Prevalence
Chile, 2000-2015

Source: Paraje, 2017

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The Impact of Prices and Taxes on the Use of Tobacco Products in Latin America and the Caribbean

We examined the impact of tobacco prices or taxes on tobacco use in Latin America and Caribbean countries. We searched MEDLINE, EconLit, LILACS, unpublished literature, 6 specialty journals, and reviewed references. We calculated pooled price elasticities using random-effects models.

The 32 studies we examined found that cigarette prices have a negative and statistically significant effect on cigarette consumption. A change in price is associated with a less than proportional change in the quantity of cigarettes demanded. In

AMONG THE MANY CHALLENGES facing health systems in low- and middle-income countries (LMICs) is the increasing burden of noncommunicable diseases. In 2010, more than one third of the 34.5 million deaths attributed to noncommunicable diseases occurred in LMICs.1 Tobacco use—a major risk factor of noncommunicable diseases—is worryingly high in many Latin American countries. Chile, for example, has one of the highest smoking prevalence rates in the world.2,3 Higher prices for tobacco products lower smoking prevalence rates and are an effective strategy for reducing noncommunicable diseases.

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prices or taxes on tobacco use in countries of Latin America and the Caribbean. We paid particular attention to the data and statistical approaches used.

METHODS

In the development and operation of the review, we used as a methodological guide the Assessment of Multiple Systematic Reviews (AMSTAR) assessment measurement tools developed by.4,5 These tools assess the quality of the data and methods used in each study. We did not use quality scales for assessing quality or risk of bias, as empirical evidence does not support them (different scales often result in different conclusions, scales may include criteria that are not related to risk of bias, weighting may be ill justified, and the interpretation of numerical scores can be difficult); the Cochrane Collaboration explicitly discourages quality scales.20

**FIGURE 2**—Estimates of own-price elasticity for cigarettes: Latin America and the Caribbean, 2013.

Chapter 4, Conclusion 1:

A substantial body of research, which has accumulated over many decades and from many countries, shows that significantly increasing the excise tax and price of tobacco products is the single most consistently effective tool for reducing tobacco use.
Cigarette Prices, Sales, and Government Revenue in Mexico (2007-2011)

- **Sales, mln packs**
- **Average price of Marlboro, MX$**
- **Government revenue, mln MX$**

Source: Campaign for Tobacco-Free Kids
Figure 17.3  Tobacco Control Policies and Cost Per Healthy Life-Year Gained, by WHO Region

Note: HLYG = healthy life-year gained.
Source: Based on calculations from World Health Organization CHOICE model, 2016.
Evidence Gaps
Evidence Gaps

Regional/country specific evidence on economic impact of tobacco control
  - Impact on employment
  - Impact on development
  - Impact of smoke-free policies on hospitality sector
Evidence Gaps

Regional/country specific evidence on illicit trade

• Extent of illicit trade
• Changes in illicit trade in response to tax increases and other tobacco control policies
• Determinants of illicit trade
• Impact of measures to control illicit trade
Evidence Gaps

Tobacco control and poverty

- Progressivity/regressivity of tobacco tax increases
- Impact of tobacco use on poverty
- Effectiveness of tobacco control measures in reducing disparities in tobacco use and its health/economic consequences
Summary
Summary

• Strong and growing evidence base on the impact of tobacco taxes and prices on tobacco use
• Evidence from several countries on economic costs of tobacco use
• Limited evidence on economic impact of tobacco tax increases and other tobacco control measures
  • Employment & development
  • Illicit trade
  • Tobacco and poverty
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