

# Tobacco Control in Developing Countries



## Tobacco Control Does Not Harm the Economy

- A body of evidence shows that tobacco control does not harm the economy. The fall in consumption of cigarettes does not erode tax revenues or cause millions of permanent job losses.
- Any fall in demand is expected to be gradual – allowing for a slow adjustment period. Even under the most optimistic scenario, measures to reduce demand would slow the growth in global demand for tobacco rather than significantly reduce it in the short term.

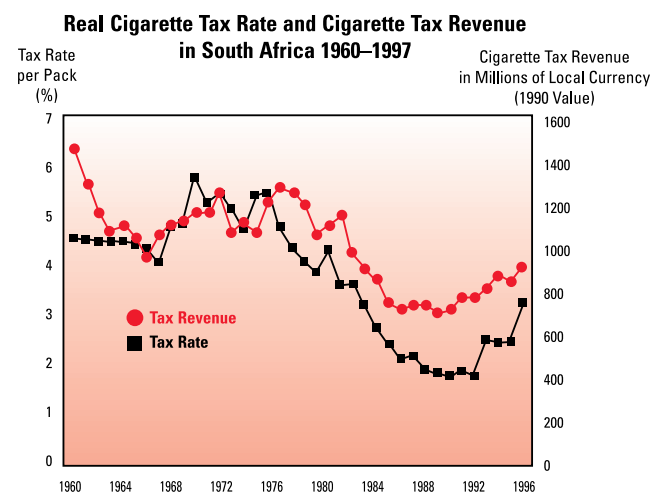
### EMPLOYMENT

- A major reason for government reluctance to clamp down on smoking is the fear that a fall in consumption will lead to millions of permanent job losses. These fears – often based on studies by the tobacco industry – are unfounded.
- Independent studies have shown that job losses would be minimal and gradual. Most countries would experience no net job losses and some would experience net gains. Money spent on cigarettes would be spent on other consumer items instead – thus generating new jobs.
- If global demand for tobacco products fell, a handful of tobacco-producing countries – mainly in sub-Saharan Africa – would experience job losses. However, these job losses would be gradual and temporary. Among the worst affected would be Malawi and Zimbabwe where tobacco accounts for 61% and 23% of export earnings. These countries would need assistance – to switch to alternative crops, for example – during the transition period.
- In Bangladesh, where most cigarettes are imported, formal employment would increase by 18% if domestic consumption was eliminated and smokers switched their money to other goods and services.
- In Zimbabwe, a major tobacco exporter, 12% of jobs would be lost if all domestic tobacco farming stopped overnight.

### TAX REVENUES

- An increase in the tax on cigarettes would not lead to a drop in overall tax revenues. The fall in demand for cigarettes would be more than offset by increased revenues from the higher tax.
- An increase of 10% on the price of cigarettes worldwide would increase tax revenues by 7% on average.
- Some non-price measures, such as comprehensive advertising and promotion bans, information campaigns, and warning labels, can be expected to reduce revenues. However, the impact of this would be offset by tax increases as part of a comprehensive control package. In the long term, governments can raise revenue from other sources.

Figure 3.1 Revenues Go Up when Cigarette Taxes are Increased



The 512-page book, *Tobacco Control in Developing Countries*, is an authoritative and comprehensive study that examines such key issues as poverty and smoking, rationale for government intervention, taxation, advertising and promotion bans, smuggling, trade and the supply side impact of control policies. Building on the comparative advantages of WHO and the World Bank in epidemiology and health economics, an international team of 40 professionals from 13 countries, under the guidance of Dr Prabhat Jha and Dr Frank Chaloupka, prepared this book over a period of three years. It is targeted primarily at ministries, academics and health professionals engaged in tobacco control. The book is available in English only; Price: US\$ 49.50 paperback ISBN 0192632469. For more details or to place your order, please contact:

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