

Regulatory measures and health prevention: do they work?

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Introduction

- 39.5 of 56.4 million deaths globally were due to noncommunicable diseases (NCDs) in 2015
 - Of these, almost half of these deaths occurred before the age of 70
 - More than 80% are accounted for by cardiovascular diseases, cancers, respiratory diseases, and diabetes
 - More than 7 million of these deaths in from diseases caused by tobacco use or second hand smoke annually
 - An additional 7 million annually are estimated to be caused by alcohol, obesity and overweight

,Source: WHO Global Health Observatory Data. NCD mortality and morbidity. 2018

,(/http://www.who.int/gho/ncd/mortality_morbidity/en

accessed 24.04.2018, 2012 WHO Global status report on alcohol and health, Collaborators, The GBD 2015 Obesity. "Health Effects of)

...Overweight and Obesity in 195 Countries over 25 Years." *New England Journal of Medicine* 377, no. 1 (July 6, 2017): 13–27. <https://doi.org/10.1056/NEJMoa1614362>



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Outline

- **REGULATORY MEASURES**
 - Tobacco example
 - WHO-FCTC Treaty and MPOWER measures
- **OTHER HEALTH TAXES**
 - Alcohol, Sugar Sweetened Beverages (SSBs)
 - Examples
- **USES OF INCREASED TAX REVENUE**
 - Earmarking

Tobacco Regulations

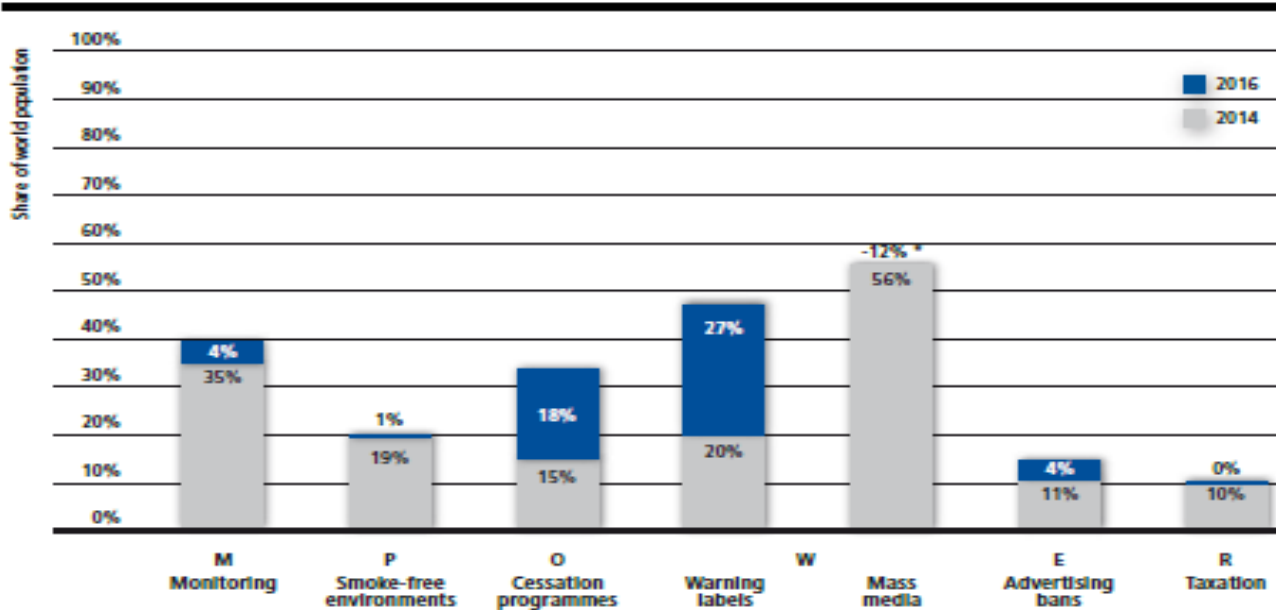
- **The WHO FCTC Treaty was adopted in 2003**
 - It has been ratified or acceded to by 181 Parties
 - Its purpose is to protect present and future generations from the devastating health, social, environmental and economic consequences of tobacco consumption and exposure to tobacco smoke
- **Each Party commits to developing and implementing a comprehensive multi-sectoral national tobacco control strategy**
 - Including effective legislative, executive, administrative and/or other measures for preventing and reducing tobacco consumption, nicotine addiction and exposure to tobacco smoke

MPOWER Measures

- Developed by WHO to help countries implement the demand measures of the FCTC
 - Monitor tobacco use and prevention policies
 - Protect people from tobacco smoke
 - Offer help to quit tobacco use
 - Warn about the dangers of tobacco
 - Enforce bans on tobacco advertising, promotion and sponsorship
 - Raise taxes on tobacco

Effective policy interventions are available, but are underutilized

INCREASE IN THE SHARE OF THE WORLD POPULATION COVERED BY SELECTED TOBACCO CONTROL POLICIES, 2014 TO 2016



Note: The tobacco control policies depicted here correspond to the highest level of achievement at the national level.

* The share of the world population covered by a national mass media campaign with all best-practice criteria was 44% in 2016, a decline of 12% compared to 2014.

Dual goals of tobacco taxation

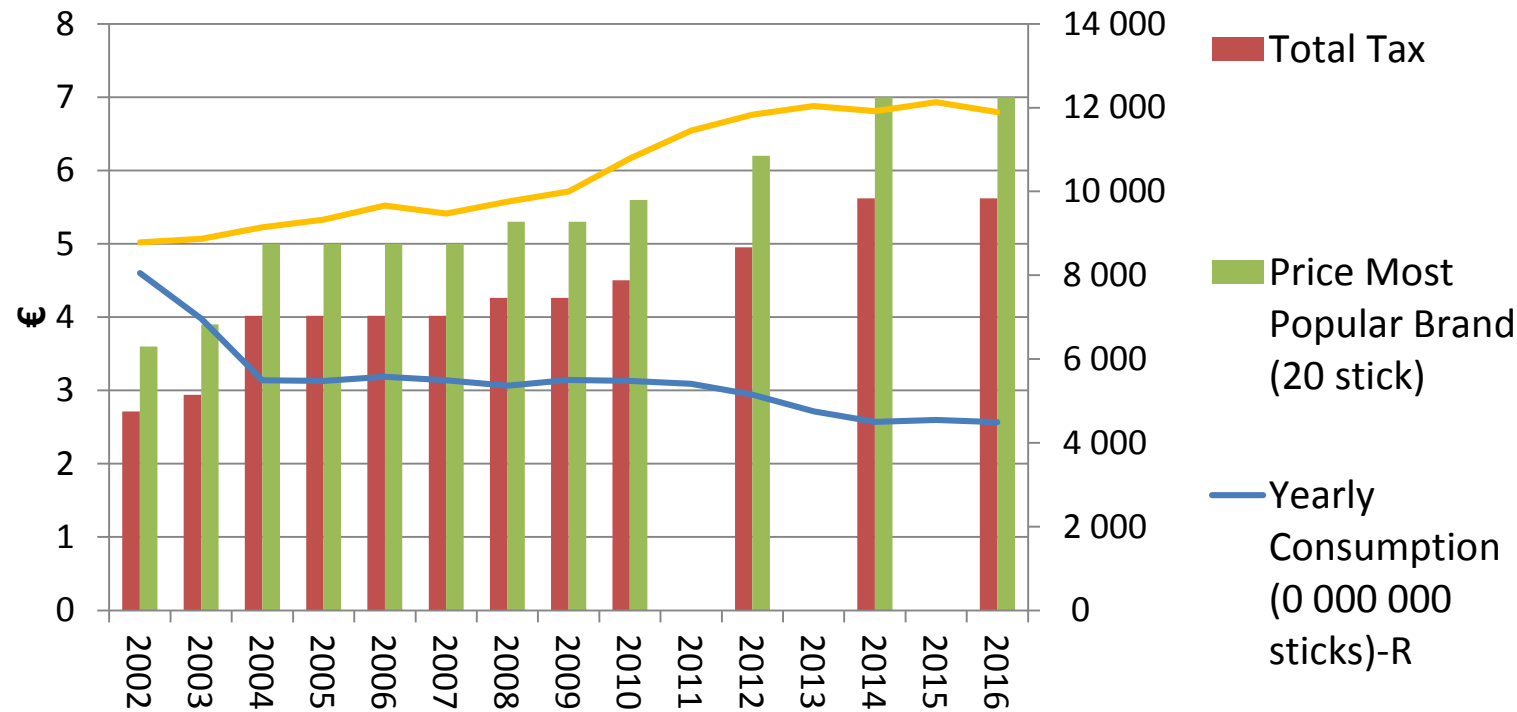
- Revenue generation
- Public health
 - Evidence in many countries shows that large increases in taxes, that increase prices is the single most consistently effective tool for reducing tobacco use
 - With the subsequent health benefits
 - And reduction in deaths
- Tobacco taxes are a win-win policy for public health and public revenues

The effectiveness of tobacco taxes

- Tobacco is not like most goods—it is addictive and harmful to all users and to others in society
 - But it is like other products:
 - Demand responds to changes in price
- Increases in taxes that increase prices above inflation, will:
 - Encourage some tobacco users to quit
 - Make some reduce their consumption
 - Prevent some former users from starting again
 - Prevent some potential new users from starting
- Alcohol and SSBs have similarities to tobacco
 - but are not necessarily unhealthy in moderate doses

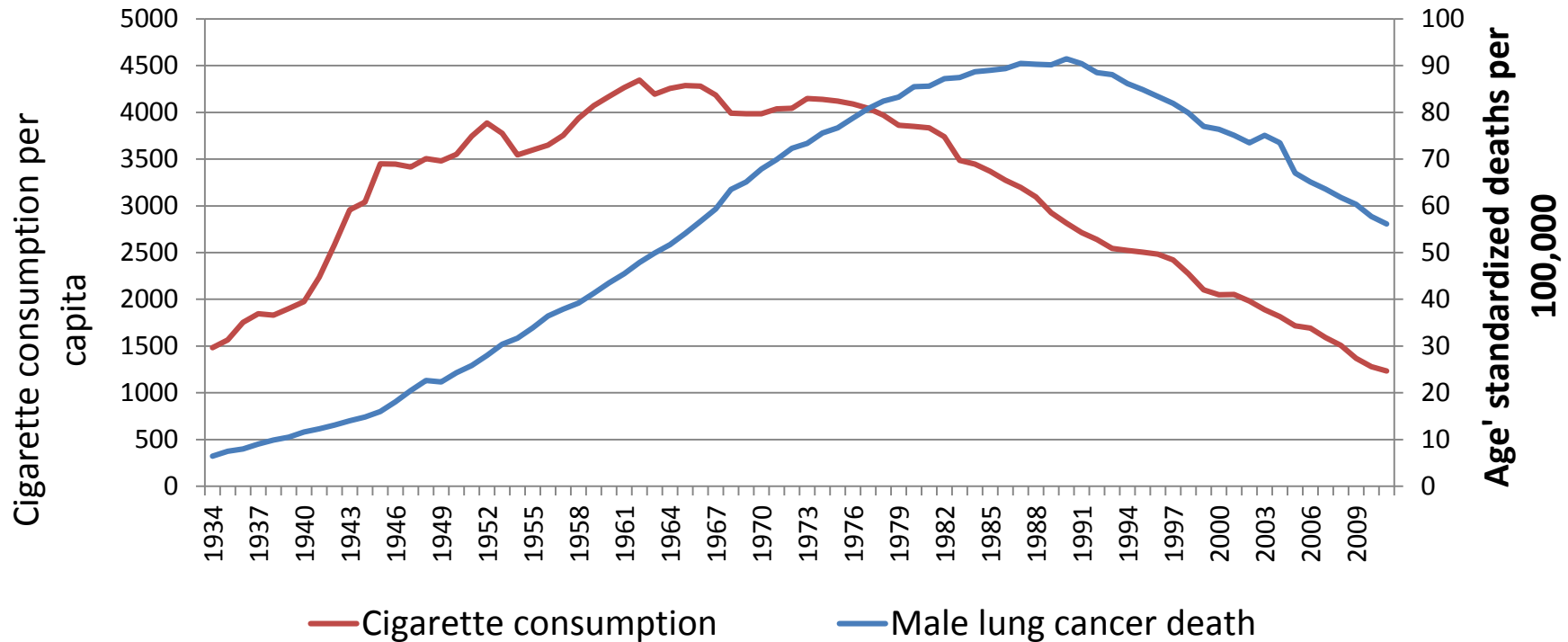


France: Tobacco excise tax, price, revenue and sales 2002-2016



- The total tobacco tax share is 80% of the retail price
- Further tax increases beginning in 2018 will increase the average price of a pack to an average of €10

Cigarette consumption and lung cancer in the United States: Declining consumption means declining lung cancer deaths

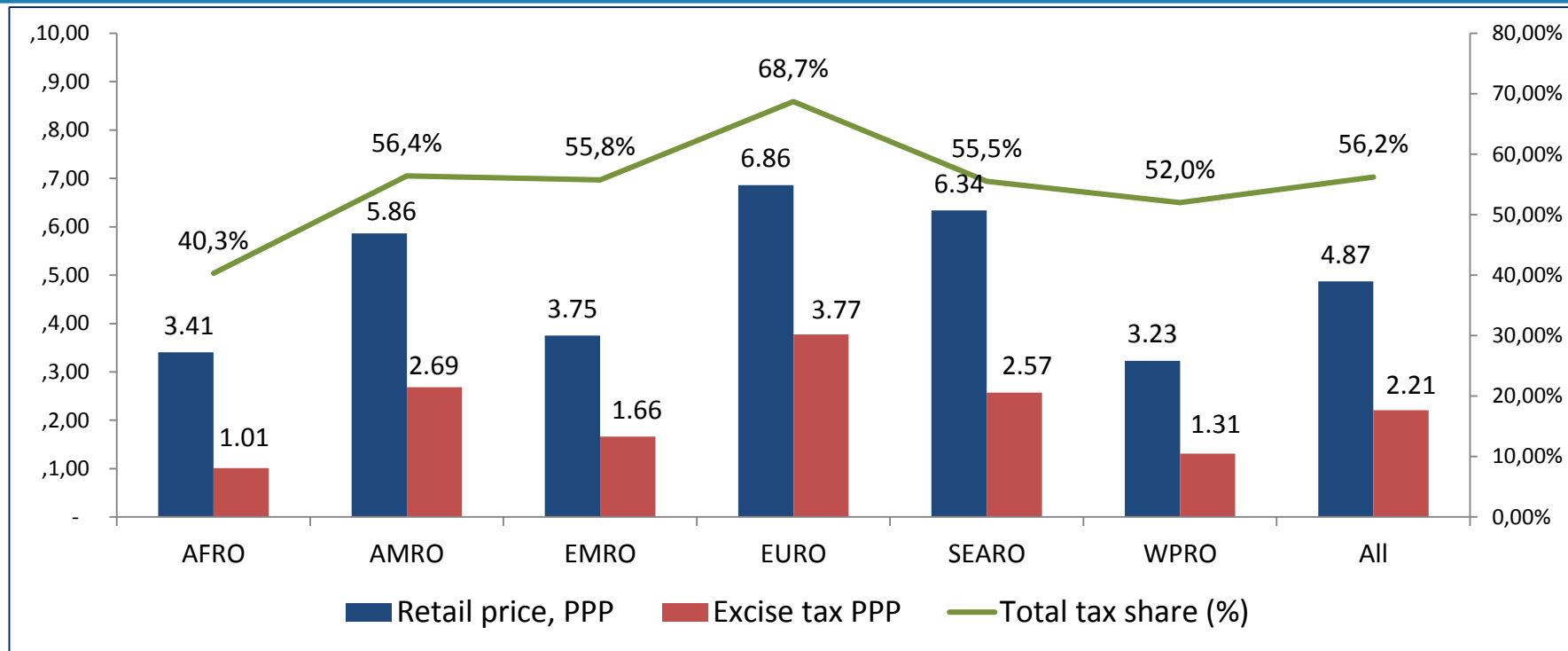


The EU Example

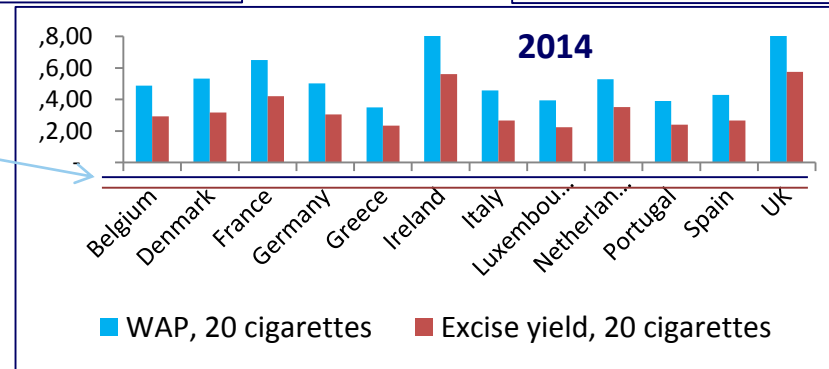
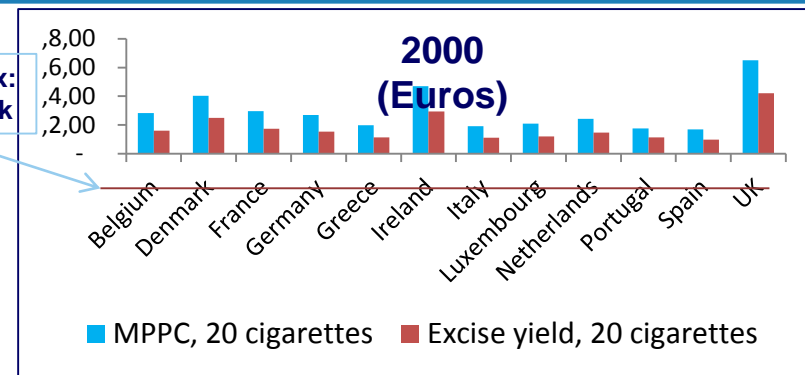
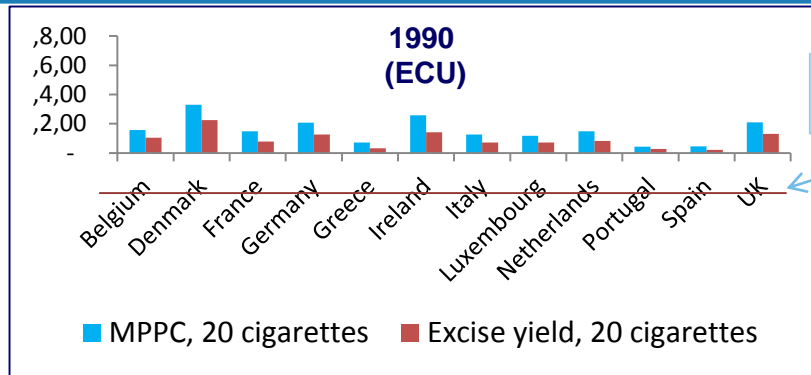
EU Tobacco Taxes

1. A mixed system with:
 - A specific component per 1000 cigarettes and
 - An ad valorem component, a % of the maximum selling price
2. There is a minimum tax of Euro 90 per 1000 cigarettes and
 - 60% of the weighted average selling price
- It has been successful in increasing taxes and prices within the EU

Weighted average retail prices and taxation (excise and total) of most sold brand of cigarettes, by WHO region, 2016



Evolution of price and tax levels in the EU



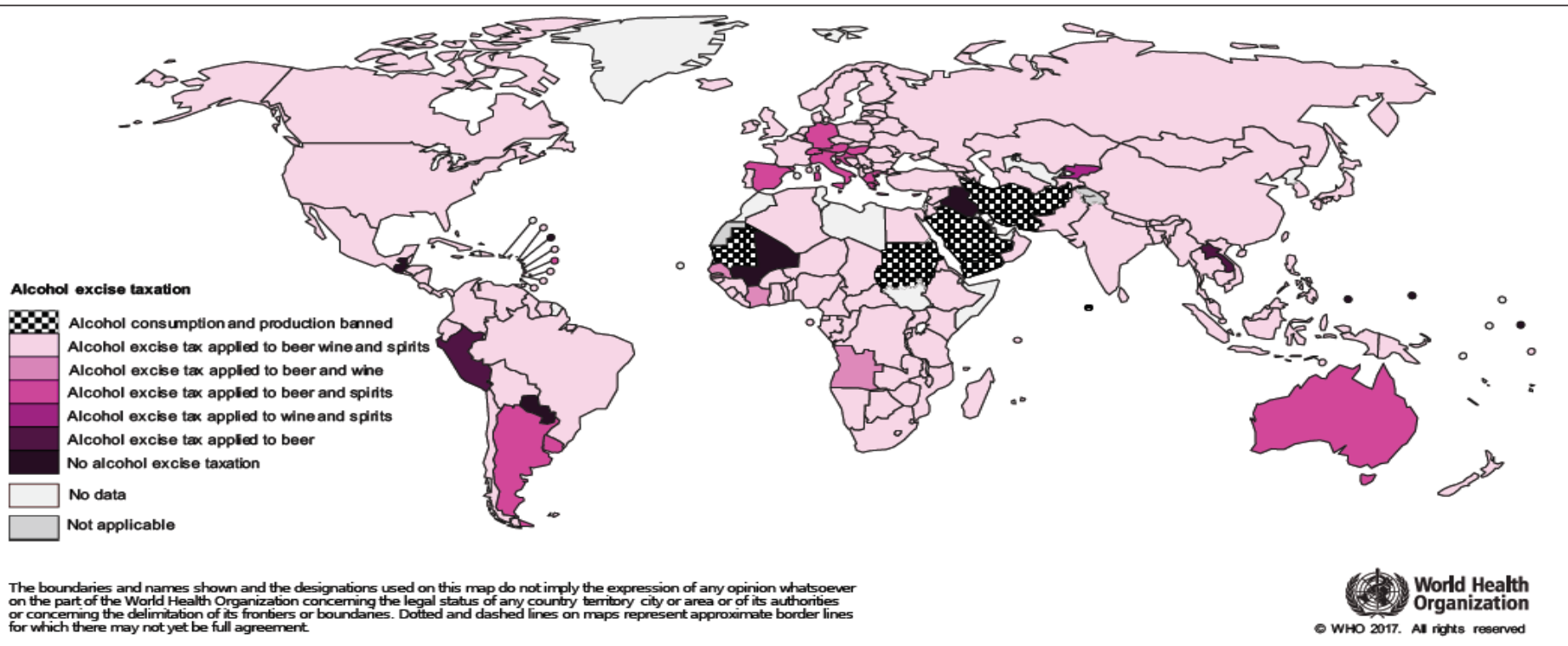
Note: MPPC: Most Popular Price Category, WAP: Weighted Average Price

Source: EU



Alcohol and SSBs

Alcoholic Beverage Excise Taxes 2012



SSB Taxes

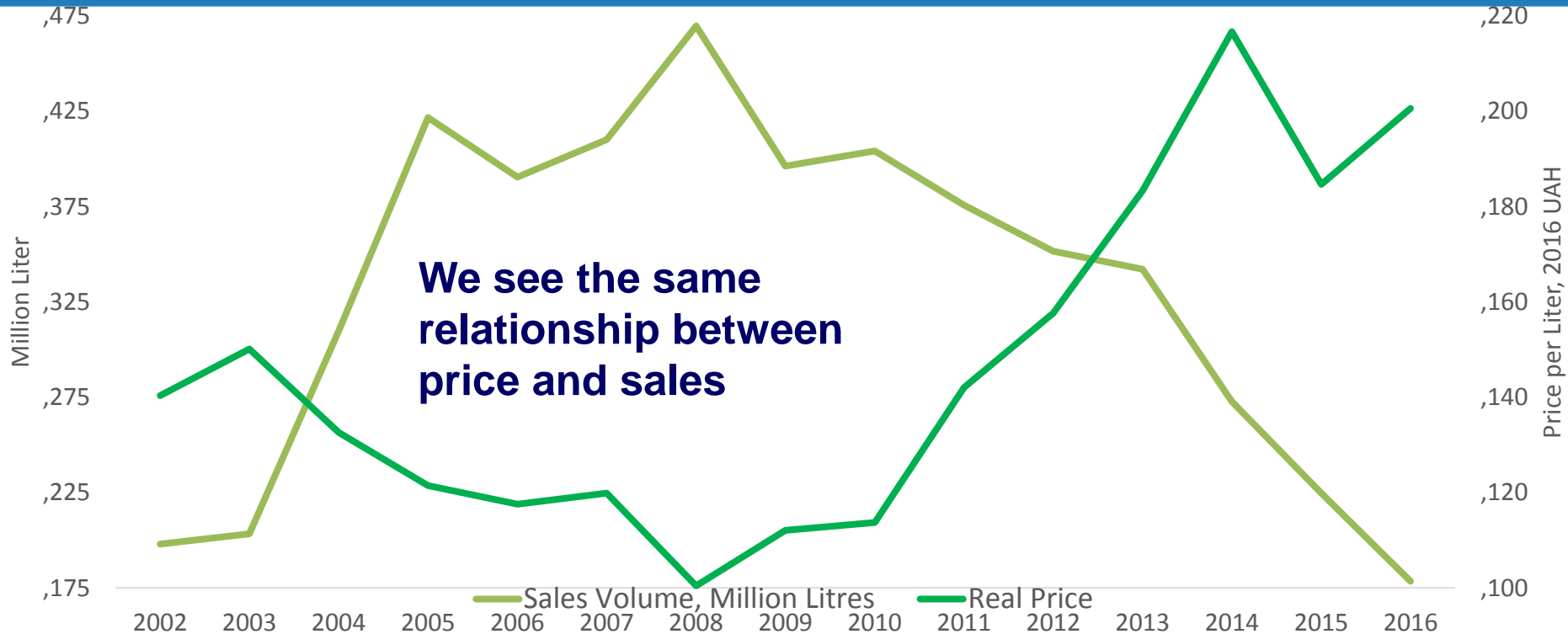
A Look at Some of the World's Anti-Soda Efforts

- Countries and cities currently levying an SSB tax or have passed one.
- Countries and cities where lawmakers are considering an SSB tax.
- States and cities that have made or are making efforts to require some kind of health-warning label for SSBs.



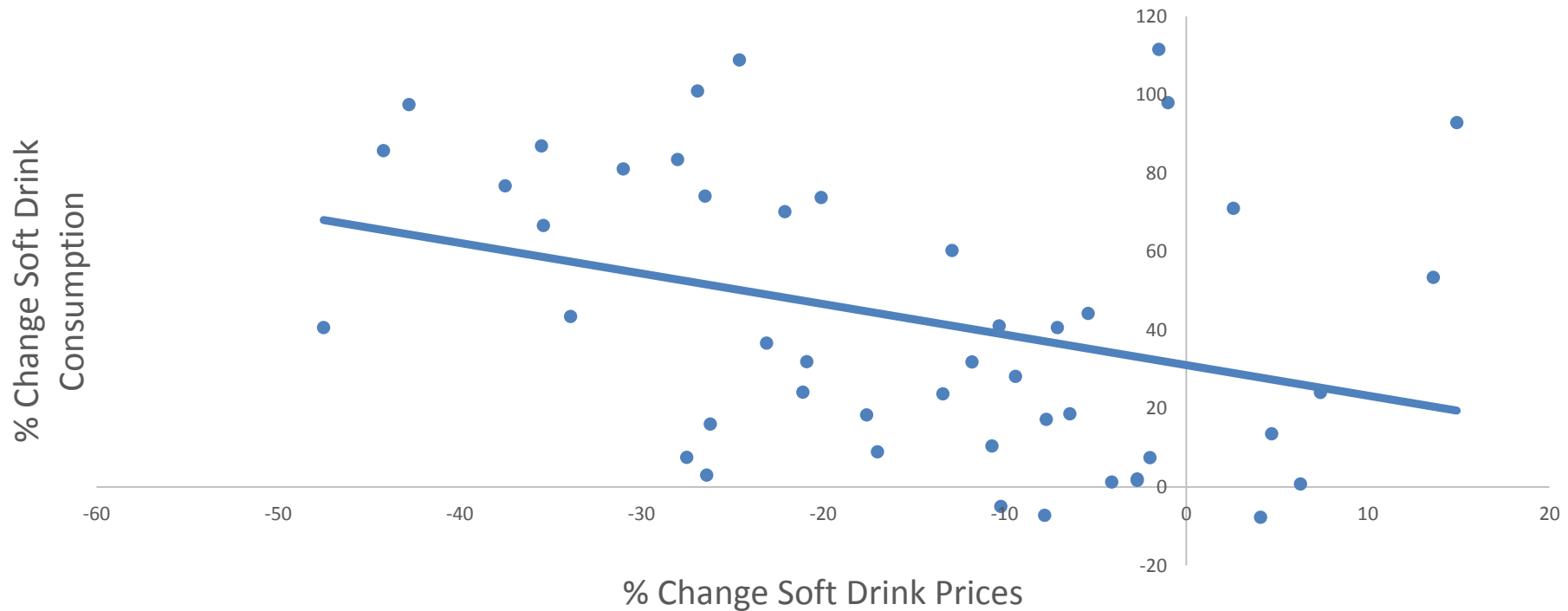
Ukraine: Distilled Spirits Sales and Prices

2002-16, inflation adjusted



Soda Consumption & Change in Prices

Selected Countries



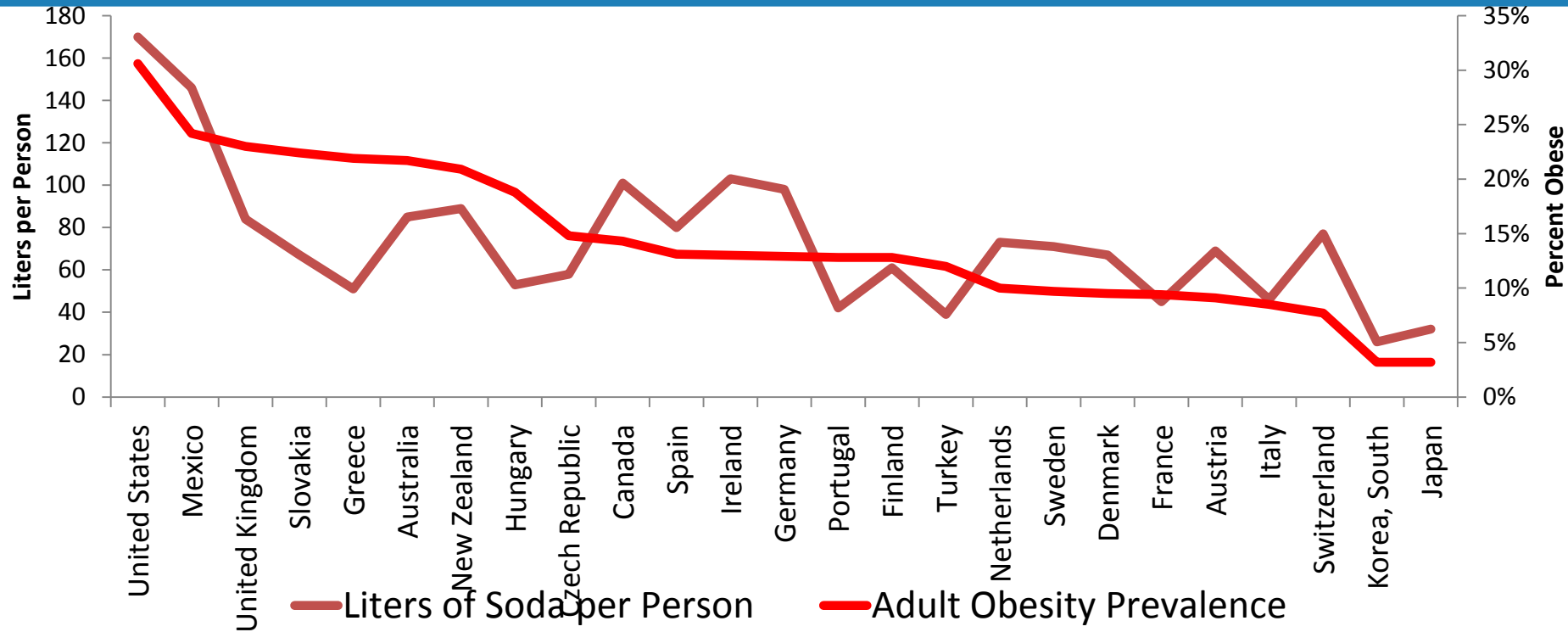
Source: Soda consumption- and price, Euromonitor, 2011



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Relation between Soda Consumption & Obesity

Selected Countries



SSB tax—Mexico 2014

- 1 January 2014, an excise duty of 1 peso (around \$0.05) per litre was applied to sugary drinks
 - Included all drinks with added sugar, excluding milks or yoghurts
 - Preliminary price monitoring indicates that the price of sugary drinks increased by around 10%
 - A 25% tax on energy drinks has been in effect since January 2011
- There has been a sustained decline in consumption
 - 2014 -6%
 - 2015 -8%
 - 1st half of 2016 -11%

Source: Changes in sales of sugar-sweetened beverages in Mexico before (2007-2013) and after the tax (2014-2016): <https://www.insp.mx/eppo/blog/4278-changes-sales-beverages.html>.



SSB tax—Portugal 2017

- **Two rate system:**
 - €0.165 per litre for more than 8g sugar per ml
 - €0.082 cents per litre less than 8g per ml
- **Revenue of € 80 million in the first year**
 - used to decrease health service debt
- **Current efforts target the reformulation of products with high levels of salt, fat or sugar**

Portuguese 'cut sugar intake by 5,500 tonnes' following sugar tax, Posted By:

[News Desk](#) on: January 23, 2018In:Food Bev media

<https://www.foodbev.com/news/category/industries/soft-drinks/>



SSB Taxes—UK , Ireland, 2018

● UK 1 April 2018

- Rates vary with the amount of sugar:
 - 18p per litre on drinks with more than 5g sugar per 100 ml
 - 24p per litre on drinks with more than 8g sugar per 100 ml
- The tax was announced 2 years previously
 - The beverage industry reformulated 50% of drinks to reduce sugar levels
 - Revenues used for physical education facilities, after school activities and healthy eating initiatives in England

● Ireland 1 May 2018

- €0.30 per litre for more than 8g sugar per 100 ml
- €0.20 per litre for between 5 and 8g sugar per 100 ml

Source: The UK's Sugar Levy—International Learning Series / 2,
July 2017, The Food Foundation,
Ireland Sugar Sweetened Drinks tax, Info note- budget 2019 10.10.17



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Some Other EU Countries

- France 2012

- €0.075 per liter
- Parliament passed an increase to €0.2 per liter if more than 11 g sugar per ml in 2017

- Hungary 2012

- Public Health Product Tax (PHPT) 2012
 - SSBs, sweets, chocolate, energy drinks, alcopops, salty snacks, etc.
- Revenues of Euro 200 million in first 4 years used to increase wages of health care workers



Using Health Taxes for Specific Uses: Earmarking

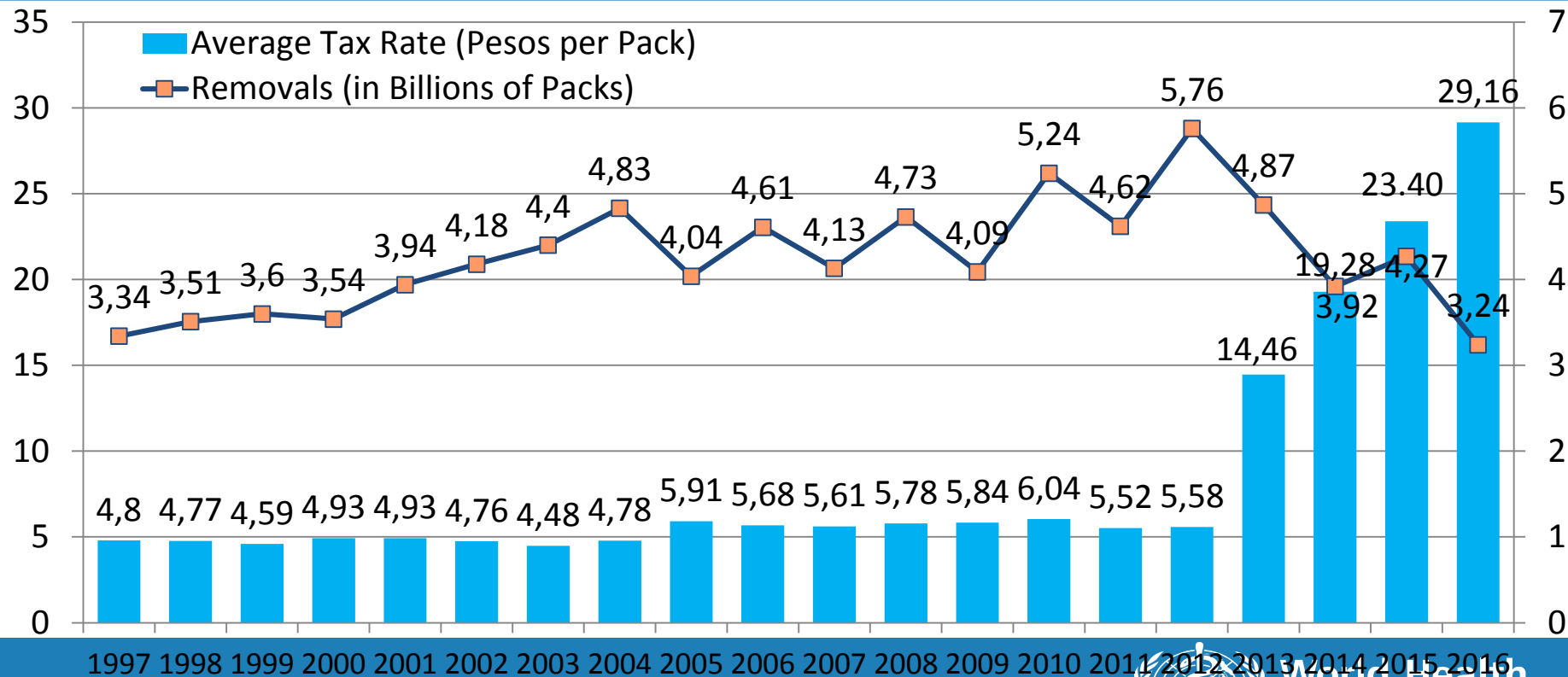
Types and Structures of Earmarked Taxes

- Taxes can link to expenditures:
 - In legislation (hard or substantive earmark) or
 - The government can make a commitment to use funds for a certain purpose (soft or symbolic earmark)
- Structures for Managing Earmarked Taxes
 - Some expenditure agencies are highly integrated into the Health Ministry
 - Others are separate and fairly independent
- Revenues are used for variety of health and related purposes

Example: Tobacco and Alcohol Tax Reform and Earmarking: Philippines

- In 2013 a tax reform significantly increased tax rates over 5 years ending with a unified (single) tax on cigarettes in 2017
- The main purpose of the reform was to secure funding for universal health coverage (UHC)
 - The higher tax revenues from the reform opened the policy opportunity to introduce earmarking for health
 - 80% of the increased revenue has been used for UHC
 - More than 15 million families now have health insurance coverage

Philippines: Increasing Funds for Health using Tobacco and Alcohol Taxes 2012



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Conclusions

- Increasing taxes and, therefore, prices on tobacco products, along with other measures, have been successful in reducing prevalence and increasing government revenues in many countries
- Alcohol tax increases are also used in many countries
 - In several countries increased revenues from higher alcohol and tobacco taxes has been used to finance health initiatives
- SSB taxes are newer targets
 - Role of signalling to producers-reducing sugar content
 - Early successes in decreasing demand