International Union Against Tuberculosis and Lung Disease
Health solutions for the poor

PRESS RELEASE

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FOR IMMEDIATE RELEASE

New Study Shows Tobacco Tax Reform in Pakistan Could Lead to Half a Million Users Quitting and Increase Tax Revenues by 27.2 Billion Rupees

27 May 2014 – A report published today shows that the introduction of a uniform specific tax accounting for 70% of Pakistan's average cigarette price could lead to half a million smokers quitting, and reduce premature deaths among adult smokers by over 180,000. At the same time more than 27 billion rupees (US $277 million) would be generated in new cigarette tax revenues. Pakistan currently has one of the largest populations of tobacco users in the world, with over 22 million adults smoking tobacco.

"Very low excise taxes have resulted in cigarettes in Pakistan being among the most affordable in the world," said Dr Rajeev Cherukupalli, an economist at the John Hopkins Bloomberg School of Public Health, and an author of the study. "Simplifying taxes and transitioning to a high specific excise tax will reduce tobacco use, raise tax revenue and save lives."

The report authors, who include Pakistan's Federal Board of Revenue and academics from universities in Pakistan, India, the United States of America and Canada, used existing and new estimates to project the impact of cigarette tax increases on the health of Pakistan's population and economy.

Dr Frank Chaloupka, Professor of Economics at Illinois University and an author of the report said: "Our modeling suggests that adopting a uniform specific excise tax of 31.2 rupees per pack will lead over half a million current Pakistani cigarette smokers to quit smoking and prevent almost 725,000 Pakistani youth from taking it up. Ultimately these combined reductions will prevent over 550,000 premature deaths."

The report also highlights that annual, or more frequent adjustments, must be made to tobacco tax rates, to avoid being eroded by inflation and to maximize the public health and revenue impact.

"Earmarking some of these new tax revenues for health promotion and tobacco control, as recommended in this report, would be an investment in the health of the nation," said Dr Ehsan Latif, Director of Tobacco Control at The International Union Against Tuberculosis and Lung Disease, the organisation that funded the research. "Those most affected by tobacco-related disease are men at the height of their earning power. Adopting these recommendations would prevent the devastation a continued rise in tobacco consumption would have on Pakistan's people, and its economy. "

The report also recommends that part of any new tax revenue be invested in a number of measures to counter illicit trade and tax evasion, which may otherwise increase because of higher cigarette prices. These measures include new technologies to track-and-trace tobacco products, increased enforcement and higher penalties for tax evasion.

The report's release will be marked by an event in Islamabad on May 27 in advance of World No Tobacco Day on Saturday, 31 May. It will be attended by members of Pakistan's Federal Board of Revenue, economists and journalists. Open access to the full report will be available at: http://www.tobaccofreeunion.org/index.php/publications/economic-reports

The International Union Against Tuberculosis and Lung Disease (The Union) provided funding for this report under the Bloomberg Initiative to Reduce Tobacco Use.

About The International Union Against Tuberculosis and Lung Disease (The Union)

The mission of The Union is to bring innovation, expertise, solutions and support to address health challenges in low- and middle-income populations. With nearly 15,000 members and subscribers from 150 countries, The Union has its headquarters in Paris and offices in the Africa, Asia Pacific, Europe, Latin America, North America and South-East Asia regions. Its scientific departments focus on tuberculosis and HIV, lung health and non-communicable diseases, tobacco control and research.

For more information about tobacco control at The Union go to:
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