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Summary report on the

Workshop on the implementation of tobacco taxes in countries of the Eastern Mediterranean Region

Muscat, Oman
21–23 January 2019



REGIONAL OFFICE FOR THE

World Health
Organization

Eastern Mediterranean

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1. Introduction

The World Health Organization (WHO) Regional Office for the Eastern Mediterranean held a workshop on the implementation of tobacco taxes in countries of the Eastern Mediterranean Region in Muscat, Oman, from 21 to 23 January 2019.

The objectives of the workshop were to:

- analyse the status of taxation in countries of the Eastern Mediterranean Region;
- familiarize participants with WHO recommendations on tobacco taxes;
- introduce the use of a WHO tool for measuring the impact of taxation policies;
- increase participants' knowledge about best practices and other countries' experiences in relation to taxation increases, including in facing the tactics of the tobacco industry; and
- discuss and agree on possible scenarios for a way forward for tobacco taxation policies at the national level.

Participants included representatives from ministries of health and finance of countries of the Region, along with global and regional experts, and WHO staff from country, regional and headquarters levels.

The workshop was opened by Dr Akjemal Magtymova, WHO Representative to Oman, who said that the workshop would allow participants to identify gaps in WHO Framework Convention on Tobacco Control (WHO FCTC) Article 6 implementation and agree on steps to address these gaps. She extended a particular welcome to ministry of finance officials in recognition of their invaluable expertise, and noted that their close collaboration would be needed for future success in tobacco taxation. Dr Magtymova also highlighted

recent progress in tobacco taxation and graphic health warnings in the Region.

Mr Sulaiman bin Saleh Al-Dakheel, Director-General of the Gulf Cooperation Council (GCC) Health Council, spoke about the effectiveness of tobacco tax, noting progress within GCC countries, such as the introduction of plain packaging in Saudi Arabia. He mentioned the challenges to making progress on tobacco taxation, including insufficient coordination between the different sectors involved, a lack of evidence and the tactics of the tobacco industry.

Dr Fatimah El Awa, Regional Advisor, Tobacco Free Initiative, WHO Regional Office for the Eastern Mediterranean, announced that WHO had selected Dr Jawad Al-Lawati, Senior Consultant at the Ministry of Health of Oman, to receive the Regional Director's Special Award for 2018 for his 20 years of work in tobacco control. The award was presented to Dr Al-Lawati by H.E. Dr Ahmed bin Obaid Al Saidi, Minister of Health of Oman, together with H.E. Eng. Mohsin bin Mohammed Al Sheikh, Chairman of Muscat Municipality and a champion of tobacco control in Oman.

H.E. Dr Ahmed bin Obaid Al Saidi welcomed participants, noting the importance of the workshop, and highlighting Oman's progress in banning smoking in public places and regional progress in tobacco taxation.

Dr El-Awa welcomed the room, and reminded participants that the Region was the only WHO region predicted to experience an increase in the prevalence of tobacco use.

Dr Al-Lawati was elected Chair of the workshop.

2. Summary of discussions

Presentations

Professor Corne Van Walbeek, Project Director of the Economics of Tobacco Control Project, University of Cape Town, in his presentation on WHO FCTC Article 6, referred to the Article as the single most effective method of tobacco control, particularly in low- and middle-income countries, and among youth and the poor. He explained the Article's evidence-based guidelines and recommendations, emphasizing the need to consider the affordability of cigarettes, and not just taxation levels. He noted that alongside a good tax system with regular tax increases, political will was important for effective tobacco control.

Ms Anne-Marie Perucic, Health Economist, WHO headquarters, presented on tobacco taxation around the world. She covered the health, economic and public finance reasons for tobacco taxation, and shared examples of countries where an increase in excise tax had led to decreased consumption and increased revenue, despite the presence of illicit trade in tobacco products. She warned of the tobacco industry's tactics against tobacco control.

Dr Fatimah El-Awa presented on the regional status of tobacco taxation. She highlighted the need to focus on excise rather than import tax in the Region, remove tiers from tax systems, and ensure that all tobacco products are covered. She noted that for progress to be made, the tobacco industry needs to be excluded from the discussion, and ministries of health and finance need to work closely together.

Dr Jawad al-Lawati presented on 18 years of taxation in the GCC. He noted the need to clarify the wording of the 2016 excise tax agreement and identified key challenges to progress, including lobbying,

infrequent GCC meetings, the introduction of e-cigarettes, tax exemptions, and price manipulation by the tobacco industry.

Dr Sofia Delipalla, Professor of Economics at the School of Economics and Regional Studies, University of Macedonia, presented on the tobacco tax in the GCC. She discussed the economic burden of tobacco in the GCC and the reliance of the GCC on revenue from exporting oil and import duties. The World Trade Organization (WTO) is eroding import duties, and so the implementation of the GCC excise agreement is important for expenditure security. She suggested that the GCC excise agreement should be phrased as having a base of “retail price without excise” rather than “retail price”.

Dr Ilker Dastan, Health Economist, WHO Regional Office for the Eastern Mediterranean, presented on noncommunicable disease and tobacco control investment cases, describing the method of calculating the economic cost of tobacco and the interventions that an investment case can be made for. The final output of the work is a “return on investment” for tobacco control policies for use in advocating tobacco control measures.

Ms Hala Boukerdenna, Tobacco Control Focal Point, UN Resident Coordinator/WHO Jordan country office, presented on the experience of making an investment case in Jordan. Based on preliminary outcomes, she recommended that future attempts to make an investment case in countries: form a multidisciplinary committee at the start to ensure “buy-in” from all partners; hire a national, bilingual economist for contextual analysis and translation; use national data, as global averages are less credible for governments and may underestimate costs and benefits; ensure that the interventions modelled are national priorities; and identify next steps.

Dr Stella Bialous, Professor of Public Health, University of California, San Francisco, presented on the tobacco industry's tactics against tobacco control. She emphasized that tax increases do not increase illicit trade, noting that industry increases in tobacco product prices do not cause increases in illicit trade. She noted that Oxford Economics often conducts research funded by the tobacco industry, and that Philip Morris International has funded huge amounts of research in the Region.

Mr Robert Angelo Totanes, Technical Officer, WHO headquarters, presented on the illicit trade in tobacco, noting the difference between large-scale organized smuggling and counterfeit production, and small-scale smuggling. He said that unbiased research has shown that tobacco tax increases are not linked to increases in the large-scale illicit trade, while research funded by the tobacco industry usually overestimates the illicit trade. He encouraged the use of tax stamps as a "best buy" for combatting the illicit trade.

Dr Aya Mostafa Kamal Eldin, Associate Professor of Public Health and Epidemiology, Ain Shams University, presented research on water pipe tobacco in Egypt, Jordan, Lebanon and occupied Palestinian territory. The research explores consumer behaviour in relation to the price of different types of tobacco and changes in taxation. Policy documents based on the research are being developed with support from the WHO FCTC knowledge hub in Beirut.

Dr Hani Al Gouhmani, Eastern Mediterranean Regional Coordinator, Framework Convention Alliance (FCA), presented the work of the FCA in support of the implementation of Article 6 at country level.

Countries shared their experiences with tobacco taxation, including in tax tier unification and creation in Egypt, obstacles to tax reform in Islamic Republic of Iran, the illicit trade and tobacco tax tier creation

in Pakistan, and revenue from implementing the GCC excise ad valorem tax in Saudi Arabia.

TaXSIM training

Ms Anne-Marie Perucic and Mr Robert Angelo Totanes introduced participants to the WHO Tobacco Tax Simulation (TaXSIM) tool that estimates the effects that tobacco tax changes in a country would have on revenue, prices and consumption. The tool can be used when approaching ministries of finance.

Working groups

The first working group session discussed the status of tobacco taxation in countries, challenges in implementing Article 6, and next steps. Discussions focused on tax structures, legislation and implementation in different countries, illustrating the range, and also similarities, of tax structures across the Region. The challenges identified to the implementation of Article 6 included: tobacco industry influence and its efforts to undermine tax policy; lack of clarity on some technical aspects of Article 6; the need for strengthening technical capacity in some countries; complicated processes at national level for updating and changing taxes; lack of recognition from all national stakeholders of the importance of tobacco taxation policy; and political hesitancy in moving forward on tobacco taxation due to other political challenges.

The influence of industry lobbying against tobacco control was evident in all countries. It is common for the industry to argue that the illicit trade will increase if taxation increases, providing governments with evidence and data in support that is inaccurate or unrepresentative. The analysis of tobacco industry information by the

experts present was felt to be very useful, and there was agreement that understanding how other countries have addressed similar issues was helpful in policy development. Some of the most needed and/or most achievable next steps were identified.

The second working group session discussed the support countries would need from WHO, both technically and politically, to advance tobacco taxation. Countries felt that this support was invaluable, that high-level discussions and meetings assisted the technical work, and that WHO would be able to mobilize political support and action in ministries. WHO was encouraged to support countries, especially during key moments of change, such as when legislation is being proposed. WHO was viewed as being well positioned to share best practice from around the Region, so that countries can learn from one another. There was felt to be a need for regional studies from countries of a similar socioeconomic status, and that WHO had a key role to play in providing technical support for producing and sharing evidence to inform and support tobacco control policies.

3. Next steps

Recognizing the many challenges facing the implementation of Article 6 of the WHO FCTC and its guidelines on price and tax measures to reduce the demand for tobacco, countries agreed on the following next steps.

For Member States

- Establish strong collaboration between the ministries of health and finance through a national coordination mechanism.
- Conduct a full national analysis of taxation policy.
- Exclude the tobacco industry from the process; according to Article 5.3 of the WHO FCTC, the industry is not a stakeholder in

tobacco control, and there is a fundamental conflict of interest in its involvement.

- Ensure national data collection systems are in place and do not rely on the figures and facts presented by the tobacco industry.
- Ensure that a monitoring and evaluation system is in place to be able to modify the tax system accordingly.
- Ministries of health and finance are requested to begin high-level advocacy for taxation increases to generate political support.
- Take the required steps to adopt the WHO FCTC Protocol to Eliminate Illicit Trade in Tobacco Products, which includes applying a tracking and tracing system in coordination with the WHO FCTC Secretariat.
- Strengthen the involvement of the media and civil society in support of tobacco tax policy implementation.
- Use the capacity available in WHO and the WHO FCTC knowledge hub to support tobacco taxation development.
- Build on the experience of countries of the Region who are advanced in tobacco taxation policy to facilitate better understanding and implementation of policies.

For WHO

- Use WHO forums and tools to strengthen political commitment and awareness for tobacco taxation policy. This includes sending high-level letters to countries in support of tobacco control and use of WHO global and regional forums to raise commitment to tobacco control, including sessions of the Regional Committee and World Health Assembly.
- Share best practices with countries and produce documents highlighting the importance of tobacco taxation policy.
- Provide regular support to countries at a regional and country level. Countries who have begun to implement, or will soon implement,

excise tax need support in how this should be done, and to learn about best practices from other countries. This can be done through support from the WHO Regional Office or WHO headquarters.

- Provide technical guidance on how to apply tobacco taxation policy to both electronic nicotine and non-nicotine delivery systems.
- Support research at both a country and regional level, taking a comparative approach and highlighting best practices.
- Assist countries in using an investment case model to help decision-makers visualize the economic effects of tobacco taxation.
- Provide technical support, in coordination with the WHO FCTC Secretariat, on the best tobacco product tracking and tracing systems.
- Continue to expose tobacco industry tactics to undermine tobacco taxation policy in particular, and tobacco control in general.
- Continue coordinating technical support with regional and subregional organizations, including the League of Arab States and the GCC.
- Facilitate the exchange of information and experiences between countries of the Region.



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