



Southeast Asia Tobacco Control Alliance

Contact: Joy Alampay, SEATCA Communications Manager, joy@seatca.org, +639175326749

PRESS RELEASE

Cigarettes “dangerously cheap” in ASEAN, call for tax increase – SEATCA

Manila—22 May 2014:

The Southeast Asia Tobacco Control Alliance (SEATCA) says keeping tobacco tax low creates environments that continue to encourage the region’s youth to take up smoking, and fail to reduce the overall incidence of tobacco use in ASEAN countries.

“Precisely because the excise tax on tobacco products in many countries is still low, the World Health Organization has made taxation the theme in this year’s World No Tobacco Day,” said SEATCA Director Bungon Rithiphakdee.

Beginning today, SEATCA, a tobacco control coalition in ASEAN, is conducting a 2-day Regional Workshop on Tobacco Taxation and Illicit Trade at the WHO regional office in Manila, in recognition of the Philippines’ successful raising of tobacco taxes, as well as address the continuing challenges in the region.

Cigarettes are becoming cheaper and more affordable for most people in ASEAN, according to a study by SEATCA. Popular local cigarette brands in Cambodia and the Philippines have the lowest prices in the ASEAN and in the world, both at USD0.58.

ASEAN is home to more than 575 million people, of whom more than 275 million are living on US\$2 or less per day. Tobacco consumption continues to rise, with Indonesia alone experiencing a sevenfold increase between 1977 and 2000, from 33 billion to 187 billion sticks of cigarettes.

A SEATCA report “Affordability of Cigarettes and the Impact of Raising Tobacco Excise Taxes in the Southeast Asian Region” shows that:

- Cigarettes have become relatively cheaper and more affordable in Southeast Asia relative to the rise of gross domestic product (GDP) and population income in all six countries surveyed.
- The Relative Income Prices (RIPs) of cigarettes have steadily decreased over the past decade, except in Thailand; still, RIPs in all countries, including Thailand, are very low (6% or less of per capita GDP) with the Philippines having the lowest RIPs and Vietnam having the highest.
- By comparing cigarette prices per pack as a percentage of daily minimum wages, all countries, except Thailand, show stable or declining trends (below 15%), with extremely low percentages in Indonesia.

SEATCA, citing international experience, thus reminds governments that higher prices based on tax increases on tobacco products will help reduce tobacco use while also raising greater revenues for governments. Significantly higher taxes will make tobacco products less



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affordable, particularly for the youth and the poor, will discourage them from smoking and in the long run reduce the disease burden and health care costs to governments.

Since the effects of a tax increase will result in immediate price increases of cigarettes and reduction in purchases, the tobacco fights hard against this measure. The industry's main line of attack is to scare governments of increases in cigarette smuggling through pro-industry research finding and statements in the media, mobilize farmers groups to oppose governments and even use the court to challenge tax increase. When these tactics fail, the industry then accuses governments that tax increase has not shown a decrease in consumption.

All 10 ASEAN Member States are expected to be represented in the workshop. The meeting will be held with the support of the WHO Western Pacific Regional Office, Philippine Department of Health and Duke University. Participants from other relevant international and nongovernment organizations, such as the World Bank, ASEAN Secretariat are also lending their expertise and support.

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