PAVING THE WAY TOWARDS HIGHER TOBACCO TAXES

Southeast Asia Initiative on Tobacco Tax (SITT)
YEAR 2 ANNUAL REPORT

February 2012
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SITT is SEATCA’s project to institute effective tax increases and to allow for sustainable funding mechanisms for tobacco control in five ASEAN countries, as well as pictorial health warnings in Indonesia. It is supported by a grant from the Bill and Melinda Gates Foundation. All information and views presented in this report do not necessarily represent those of the funding organization.

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MESSAGE FROM THE CHAIR OF THE SITT STEERING COMMITTEE

SEATCA’s work on tobacco taxes and pictorial health warnings, as key measures of WHO Framework Convention on Tobacco Control (FCTC) implementation, is important not only at the national level, but also internationally.

At the UN High-Level Meeting on the Prevention and Treatment of Non-Communicable Diseases (NCDs) in September 2011, the Political Declaration unanimously adopted by the UN General Assembly signified global political will for FCTC implementation, recommending accelerated implementation of the treaty, as well as recognizing that “price and tax measures are an effective and important means of reducing tobacco consumption” and that there is a “fundamental conflict of interest” between the tobacco industry and public health. The Political Declaration also recognized the impact of NCDs on development and, acknowledging the insufficient resources for NCDs, mentioned the need to “promote all possible means to identify and mobilise adequate, predictable and sustained financial resources...and to consider support for voluntary, cost-effective, innovative approaches for a long-term financing of NCD prevention and control”. This highlights the importance of SEATCA’s work on sustainable funding mechanisms for health promotion and tobacco control, based on tobacco excise taxes, that are taking shape at the national level in Lao PDR, Philippines, and Vietnam and at the local government level in Indonesia.

Relevant also to the SITT project is news that work has also commenced on the long overdue FCTC Article 6 Guidelines, which we hope will be adopted at the fifth Conference of Parties (COP-5) in November this year, so that governments can use it as an additional tool to raise tobacco taxes and prices, cut affordability, and reduce tobacco consumption.

On behalf of the Steering Committee, we wish all our partners perseverance and continued success. We believed that our collective good work will prove to have long lasting impact not only to the health of our country fellow citizen but also to the global communities, policy makers, practitioner and people, struggling to build a healthier world.

- Dr. Somsak Chunharas

MESSAGE FROM THE PROJECT DIRECTOR

This Year Two report showcases the hard work of our SITT country partners in the past year. Our country researches on cigarette affordability and modeling the fiscal and health impacts of tobacco tax increases have been put to good use in tax policy development. Already we have seen a small but significant tax increase in Lao PDR in 2011, and a tax increase has been announced in Indonesia that, while also small, is being implemented for the first time for public health reasons in addition to bringing in additional revenues. There is also considerable political will to raise tobacco taxes in Cambodia, Philippines, and Vietnam in the near future.

The regulation to require pictorial health warnings in Indonesia is also at the brink of political approval, buoyed by the multiple victories of Indonesian advocates in the constitutional court with regard to the legal challenges raised by the tobacco industry. These are very welcome developments in addition to the successful hosting by Indonesia of its first smoke-free SEA Games last November.

It is an exciting time to be implementing tobacco control in the region, and we are fortunate to be working alongside friends, partners, and funders, who are similarly committed to public health as a cornerstone of human development. We therefore look forward with hope for even more progress in the coming year, while anticipating that the tobacco industry will continue to interfere with government efforts to raise tobacco taxes and save lives, in much the same way that they are fighting Australia’s new plain packaging law or implementation of pictorial health warnings, advertising bans, and smoke-free laws the world over. It won’t be easy, but we will continue believing that the industry’s lies will be increasingly exposed and the common good will triumph in the end.

--Dr. Ulysses Dorotheo
Project Background

The Southeast Asia Initiative on Tobacco Tax (SITT) is SEATCA’s program for intervening specifically on the area of tobacco taxation and pictorial health warning in the region. It recognizes specific interventions recommended under WHO FCTC relating to the reduction of tobacco demand through price and tax measures (Article 6) and packaging and labeling of tobacco products (Article 11).

SITT is a five-year program that targets five low- and middle-income countries in Southeast Asia: Cambodia, Indonesia, Lao PDR, Philippines, and Vietnam. With funding from the Bill and Melinda Gates Foundation (BMGF), SITT uses globally-proven evidence to encourage governments to adopt more progressive tobacco tax regimes that will lower smoking incidence while at the same time increase government revenues that can further assist national health and social development programs.

SITT Objectives

- Simplified, uniform and specific tobacco taxation regimes with real and regular tobacco tax increases in five target countries.
- Pictorial health warnings that equal best practice standards applied to all tobacco products in Indonesia.
- Elements of the SEATCA organizational model incorporated into other regional alliances for tobacco control in developing countries.

As a South-to-South initiative, SITT also seeks technical assistance and mentorship for each target country provided by their own neighbors: Thailand, Malaysia and Singapore. Other project partners include the World Health Organization, the American Cancer Society, and the Nossal Institute for Global Health at the University of Melbourne in Australia.

Half of Southeast Asia’s smokers will die from diseases caused by tobacco use. More than 30 million will die by middle age. If tobacco use remains unchecked in these countries they will face higher tobacco-related mortality and lower productivity.
This Year 2 Annual Report is once again a collaborative work of the regional and country teams. This time, it uses not only the customary narrative to summarize the achievements of the past year, but also captures in a case study format some vignettes of collective learnings from the field.

The case studies document the processes and outcomes of technical assistance for achieving policy changes and capture lessons learned for knowledge transfer among partners in the region.

They focus on two central themes:
- Building alliances across sectors to change policy
- Evidence-informed policy making

These themes, embracing SEATCA’s strategy to achieve the SITT goals in moving tobacco taxation and pictorial health warning policies in the region are: working closely with multi-sectoral networks to harmonize and strengthen country efforts in tobacco control, and working with researchers and think tanks in setting research priorities and generating evidence to support fiscal and health policy reforms.

Rather than seeing policy as one single, discrete decision, it is important to broaden one’s view, so that policy is understood ‘as a series of documents and decisions that are best described as a set of processes, activities or actions’ (Neilson, 2001)
Article 6 of the WHO FCTC emphasizes the importance and effectiveness of tax and price measures to reduce tobacco consumption by various segments of populations, particularly young people. All Parties to the Convention are obligated to establish effective policies for its implementation. To this end, the World Bank has recommended a tobacco tax burden of 66 to 80% of the retail price, and WHO recommends a tobacco excise tax burden of 70% of the retail price to effectively reduce consumption. In Southeast Asia, cigarette prices are generally very low, and only Brunei, Singapore, and Thailand have attained these tax benchmarks (Figure 1).

Although government revenues from tobacco taxes have slowly increased in nominal terms over the past several years, the increases in their real values have generally not been significant, and they have largely not been accompanied by a reduction in tobacco consumption. A key factor contributing to this situation is the fast growth of national economies and household incomes in Southeast Asia, enabling whole populations to easily afford cigarettes. Therefore, while it is important to set a high tax rate as a fiscal goal, the public health goal, as stated in Article 6, is better achieved by tax rates that have an impact on affordability and purchasing power of consumers.

Regrettably, in our five SITT countries, cigarette prices relative to income (expressed as Relative Income Prices in Figure 2) have been steadily and seriously declining, indicating increasing affordability and thus providing little incentive to reduce consumption. It is thus crucial to increase tobacco tax at much higher rates than at present, in order to not only save lives and reduce health care costs, but also to contribute to more government revenues to fund health promotion activities and social development programs.

Further research studies produced by SITT clearly demonstrate the positive impact of tobacco tax increases (higher government revenues, reduced prevalence, and more lives saved, with little or no
negative impact on industry revenues) and suggest prospective actions to decrease affordability for achieving these positive outcomes. Some of these potential impacts on government revenue, smoking prevalence and the number of lives saved are shown in Table 1.

Over the course of three tax increases in Indonesia, the revenue from tobacco tax increased from IDR 32.6 trillion in 2005 to IDR 69 trillion in 2010, while the smoking prevalence was estimated to have dropped by 1.6% points, saving 890,000 lives (over a 5-year period). In Lao PDR, after the imposition of an additional specific excise tax at LAK 100 per pack in 2010, which was increased to LAK 500 per pack in 2011, the revenue from tobacco excise tax was estimated to have increased from LAK 31,800 million in 2009 to LAK 162,885 million in 2011. The smoking prevalence was also estimated to have dropped by 0.72% points, saving 8,708 lives. While both these country experiences clearly demonstrate the large fiscal benefits from small tax increases, the reductions in prevalence and lives saved have been relatively small.

<table>
<thead>
<tr>
<th>Countries</th>
<th>Excise Tax Increase Scenarios</th>
<th>Reduction in Smoking Prevalence (% points)</th>
<th>Lives Saved (persons)</th>
<th>Total Tax Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cambodia*</td>
<td>100% (from 10% to 20%)</td>
<td>0.85 (from 23% to 22.15%)</td>
<td>N/A</td>
<td>KHR 172,702,008,164</td>
</tr>
<tr>
<td>Indonesia</td>
<td>14% (from 50% to 57%)</td>
<td>0.9 (from 32.4% to 31.5%)</td>
<td>500,000</td>
<td>IDR 13,443,692,515</td>
</tr>
<tr>
<td>Lao PDR</td>
<td>Additional specific tax of 1,500 Kip (on top of 15% ad valorem tax)</td>
<td>0.47 (from 38.71% to 38.24%)</td>
<td>5,838</td>
<td>LAK 347,043,887,322</td>
</tr>
<tr>
<td>Philippines</td>
<td>215% (from 41% to 66%)</td>
<td>5.3 (from 28.3% to 23%)</td>
<td>1,130,000</td>
<td>PHP 63,429 million</td>
</tr>
<tr>
<td>Vietnam*</td>
<td>50% (from 65% to 97.5%)</td>
<td>6.6 (from 23.8% to 17.2%)</td>
<td>1,000,000</td>
<td>VND 14,150 billion</td>
</tr>
</tbody>
</table>

*Note: Cambodia excise rate is % of 65% of invoice price. Vietnam excise rate is % of ex-factory price. Indonesia and Philippines use a specific excise tax system.

The challenges for achieving the SITT project’s tax objectives:
- Simplifying the multi-tier tax systems, particularly in Indonesia and Philippines
- Increasing taxes to a level that counters the increase of per capita GDP and economic growth, in order to make cigarettes increasingly affordable
- Countering the tobacco industry’s expected opposition to tax increases and its consistent actions to defeat tax initiatives that could effectively reduce consumption
- Developing country-specific sustainable funding mechanisms, based on tobacco taxes, for tobacco control and health promotion

1 USD equals to KHR 4,200
2 USD equals to IDR 9,043.25
3 USD equals to LAK 7,922
4 USD equals to PHP 42.76
5 USD equals to VND 20,800
REGIONAL ACHIEVEMENTS

- Completed regional analyses of tobacco tax structures, and established increasing cigarette affordability including positive impact of increasing tobacco taxes
- Continuing collaboration with international partners to advance tobacco control agendas including WPRO to promote tobacco taxes for health promotion. Other partners include FCA, ThaiHealth, and Southeast Asia Tax Justice Forum; contact established with Asian Development Bank and the World Bank
- Ongoing documentation of SEATCA organizational model and regional strategies to support effective tobacco control policies in the region, and to share lessons learned with other alliances
- Participation in FCTC Article 6 Working Group
- Participation of SITT Country teams in the Mid-Term Review of Country Projects on Health Promotion Foundations and Tobacco Taxation held in Malacca, Malaysia on 31 March to 2 April 2011 and the Final Project Presentation in 9 September 2011 in Bangkok, Thailand
- Ongoing research on cigarette price and retailers to establish if tobacco tax increases are high enough to have an impact on cigarette sales and consumption
- Convened the fourth regional Steering Committee meeting in Jakarta, Indonesia on 3 February 2012 to gather technical inputs and guidance from SC members on project direction and strategies
- Ongoing SITT mid-term review for formative evaluation of the project
**Indonesia Tax**

- Tobacco excise tax will increase by 16% starting January 2012 and will come into effect in April 2012.
- Developed a mechanism to better utilize 2% tobacco tax for social development based on the pilot project on ideal allocation of 2% earmarked tax conducted in Jogjakarta, Semarang and Surabaya.
- Ongoing collaboration with Health Promotion Center, MOH together with community-based organizations on a model to utilize the 2% tobacco tax.
- Disseminated results of the research on cigarette affordability and impacts of increasing tobacco taxes.
- Ongoing collaboration with the Ministry of Finance (Fiscal Policy Board, Customs and Excise) to discuss issues on increasing tobacco excise.

**Cambodia**

- Issued Minister of Economy and Finance’s Prakas, which establishes the Tobacco Tax Working Group. The Secretary of State of the Ministry has been appointed as Chair.
- Established baseline data on tobacco consumption, which provides the rationale for stronger tobacco control policies.
- Denormalizing tobacco use in support of tobacco taxation through enforcement of the Sub-decree on TAPS ban.
- Ongoing collaboration in implementing in-country activities based on the WHO-TFI Regional Action Plan.
- Completed the affordability and impacts on consumption and revenue policy paper including translation into Khmer.
- Signed agreement between WHO and General Department of Taxation to implement the cigarette price and retailer survey together with Cambodia Movement for Health and Royal University of Phnom Penh.
- Hosted/participated in several meetings of the Inter-Ministerial Committee to discuss tobacco control issues.

**Vietnam**

- Submitted the Draft Tobacco Control Law with an article on the Fund for Prevention and Control of Tobacco Harms to the National Assembly for approval in May 2012.
- Revision of Special Consumption Tax Law included in MOF and NA agendas.
- Established partnership with MOF to conduct a series of research related to tobacco tax and price.
- Conducted a dissemination workshop to present the results of the cigarette affordability and impact of increasing tobacco taxes; translated the policy paper into Vietnamese.
- Conducted a roundtable discussion with SITT Vietnam, HealthBridge Vietnam and MOF officials to discuss international tobacco smuggling and taxes.
- Ongoing collaboration with MOF, VINACOSH, and MOJ to develop the surcharge mechanism for tobacco control and health promotion fund; submitted the final draft of the proposed mechanism to the NA for review.
- Developed and telecasted a report on the need for health promotion fund on national TV in November 2011 during the NA meeting.

**Philippines**

- Results of the tobacco tax research and policy recommendations from Taxing Health Risks were adopted by the Department of Health, and reflected in various priority bills recently endorsed by the President.
- DOH committed to establish a health promotion mechanism separate from the existing National Center for Health Promotion in order to expand the mandate and capacity to fulfill HP needs. High-level HP core working group has been identified.
- SITT Philippine team has been invited as key resource speakers in several Congressional hearings on reforming the sin tax law.
- Working closely with the Bureau of Internal Revenue and Bureau of Customs to organize an informal TWG on smuggling and tax administration.
- Completed and disseminated the results of a quick survey on price level of cigarettes to reduce smoking among urban poor smokers.

**Lao PDR**

- Increased specific excise tax on cigarette from LAK 100/pack to LAK 500/pack.
- Revision of the Tax Law requiring tobacco companies to pay additional 2% profit tax (approximately USD 100,000/year) for Tobacco Control Fund.
- Drafted Decree on TC Fund drafted to be submitted to Cabinet for approval.
- Organized a study visit to ThaiHealth for policymakers from related ministries including the Prime Minister Office and MOF to build support for TC Fund.
- Conducted a national media workshop to increase media knowledge on Tobacco Control law implementation, highlighting five key provisions: public health awareness, TAPS ban, tobacco tax increase, smoke-free places and pictorial health warning.
- Conducted a national workshop to mobilize the Tobacco Fund Decree where it was agreed that the TC Fund will also be used for implementing Lao PDR’s FCTC obligations.

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While most high-income countries acknowledge the dangers of using tobacco products and are strengthening tobacco control laws in accordance to the WHO FCTC recommendations, other countries, particularly those in ASEAN, are trailing behind.

The slow implementation of the FCTC in most ASEAN countries has provided an opportunity for the tobacco industry to exploit the lack of regulations and target the most vulnerable: poor people, women, and young people. Cambodia is a prime target for transnational tobacco companies’ global expansion into Asian markets: British-American Tobacco (BAT) identified Cambodia as an attractive target for investment as the country emerged from civil war in the early 1990s, and BAT currently controls 40.3% of the country’s tobacco market.

In Cambodia about 1.4 million (42.5% of adult men and 3.5% of adult women) smoke cigarettes while more than half a million (0.8% of adult men and 13.8% of adult women) consume smokeless tobacco such as betel quid. Consequently, tobacco use imposes enormous economic costs to the country and to individuals: it is estimated that close to 10,000 Cambodians die per year from diseases related to tobacco use.

Compared to other low- and middle-income countries in the ASEAN, Cambodia has the lowest tobacco tax rates (20-25% of the retail price). Tobacco products remain highly affordable as a consequence. Despite about one-third of the population living below the national poverty line, it was found that at least one family member from each lower-income household smokes and can afford tobacco products.

Building momentum for change

The WHO Cambodia in collaboration with SEATCA is supporting local decision-makers to achieve an optimal annual increase in tobacco tax (FCTC Article 6). This work is part of the SEATCA-Southeast Asia Initiative on Tobacco Tax (SITT) and has led to new partnerships between the WHO Cambodia and the Ministry of Economy and Finance (MOEF) and General Department of Taxation (GDT) to restructure the tobacco tax system. The GDT, previously known as the Tax Department, was established in September 2008, and is in charge of collecting tax on domestic cigarettes. The General Department of Customs and Excise is responsible for collecting tax on imported cigarettes.

WHO Cambodia and SEATCA also work closely with other stakeholders such as the Inter-ministerial WHO FCTC Secretariat, Inter-ministerial Committee for Education and Reduction of Tobacco Use (IMC), and the Cambodian Movement for Health (CMH). A comprehensive National Action Plan for tobacco control (2011 to 2015), developed with technical support from SEATCA and WHO Cambodia, prioritizes tobacco tax measures and also institutes steps to secure sustainable long-term funding for tobacco control and health promotion activities through the implementation of a surcharge tax on tobacco products.
Bilateral meetings have been a strategic way for policy makers to learn from respected neighbors. High-ranking government officials and members of the National Assembly, met with the Royal Malaysian Customs and the Malaysia Health Promotion Board on a study visit to Malaysia in early 2010. Experiences about implementing effective tobacco control measures, such as improving the tax administration system, controlling smuggling, and using tobacco taxes in health promotion programmes, were shared. The policy makers gained a greater understanding about the need for promoting tobacco control measures through taxes and were subsequently convinced about the efficacy of establishing a Tobacco Tax Working Group (TTWG).

Tobacco tax is a sensitive policy issue in Cambodia requiring diplomatic promotion accompanied with evidence-based information. The combination of multi-sectoral meetings, study tours, and consultations have enabled government and non-government organizations to understand the importance of all the WHO FCTC provisions and, in particular, why tobacco tax is one of the more effective measures to reduce tobacco consumption. Not all participants had been aware that Cambodia was a Party to the WHO FCTC and its ensuing obligations.

In addition, it was recognized that in order to achieve effective tobacco tax policies in Cambodia, rigorous, local, and policy-driven research was a priority. Studies on tobacco affordability and the impact of taxes, and a retailer survey on cigarette prices were supported by research collaboration from GDT, WHO Cambodia, General Department of Customs and Excise, Royal University of Phnom Penh and CMH. The research, led by GDT, provided important evidence and helped to build the research skills among the team members.

Policy makers now understand and acknowledge that tobacco tax increases will make cigarettes less affordable and safeguard health and save lives: a proposal to increase excise tax on tobacco products has been submitted to the Deputy Prime Minister and the Minister of Economy and Finance. The adoption of effective fiscal policies for tobacco control; however, will take more time and effort.

**A new platform for change**

The collaboration between MOEF and the SITT project country partner (WHO Cambodia) was instrumental in establishing the TTWG, which is endorsed by the Deputy Prime Minister and the Minister of Economy and Finance. This commitment by the government is significant and the first step towards accelerating tobacco tax increases. The TTWG is responsible for improving the current tobacco tax system and is a platform for stakeholders to identify research priorities, set the tobacco taxation policy agenda, and increase tobacco tax to above 65% of retail price as recommended by the World Bank.

The cross-sectoral partnerships between health and finance and between the government and non-government sector have set a new policy agenda for a more efficient tobacco tax system in Cambodia.

**Lessons Learned**

- Building awareness and knowledge among key decision-makers and implementers about a policy agenda is an important first step.
- Building trust between partners is critical for gaining momentum for policy reform.
- The start-up phase may be protracted but is useful for achieving two aims: knowledge and commitment to reform among those that will lead the long-term process; and a strong partnership built on shared goals, trust, and access to credible evidence.
Over 245 million people of distinct ethnic, linguistic and religious background call Indonesia, the world’s fourth most populous nation, home. As Southeast Asia’s largest economy it has attracted tobacco industries, among other multinationals, to invest heavily in the country. Its young population base is particularly appealing to the tobacco industry; a recent study showed that smoking prevalence among adolescents (aged 15-19) is already at 19% -- a large new batch of smokers who will significantly increase the burden of disease in the future.

Indonesia is yet to sign the WHO FCTC, and while there are efforts from the central government to legislate national tobacco control measures, the tobacco industry is strenuously warding off their enactment. Among other tactics, the industry is capitalizing on Indonesia’s large agricultural sector and uses tobacco farmers groups to voice objections.

While there seems to be an impasse at the central government to move tobacco control legislation, SEATCA’s Southeast Asia Initiative on Tobacco Tax (SITT) in partnership with the Demographic Institute (DI), a think-tank under the Faculty of Economics, University of Indonesia, has taken a novel approach at the local level.

State autonomy provides a platform for change

Dramatic changes in governance have occurred in Indonesia in the past decade. Regional autonomy was implemented in 2001 that granted provinces -- as key administrative units -- the responsibility to provide most government services to the public. This decentralization does not necessarily guarantee better access to services, but it opened doors for Indonesians to exercise participatory governance at the local level, which empowers them to use resources of the State and to make decisions about matters that directly concern them.

However, the State’s resources are limited and different stakeholders have different priorities. Vulnerable groups such as women, children, and the poor rarely benefit as they are often disenfranchised from the planning, budgeting, and managing of resources. Thus, the allocation of the State’s resources is not just an administrative issue, but also a political one.

One source of these resources is the State’s revenue from tobacco excise duties, particularly the 2% earmarked tobacco tax. In the past, the utilisation of this revenue had not been transparent. The SITT Indonesia project took the opportunity to use this as a platform to initiate a process for ensuring the full implementation of fiscal policy changes at the local level; in particular, optimize the allocation of the 2% earmarked tax and direct this towards social development, specifically on health programs and tobacco control.

Building evidence for change

Any policy change would require all stakeholders to understand how the the tobacco excise fund is currently allocated among...
tobacco growing and producing provinces and how an optimal model would compare and contrast to the current mechanism. DI collaborated with three other academic institutions, namely: Faculty of Economics – University of Diponegoro in Semarang (Central Java), Faculty of Economics – University of Airlangga in Surabaya (East Java), and Faculty of Medicine – University of Gajah Mada in Yogyakarta to evaluate the actual implementation of the 2% tobacco excise sharing allocation. As stipulated in the law that mandated the earmarking, the fund allocation is to be used mainly for “increasing quality raw materials, industry development, improving social welfare, disseminating Customs regulations and law enforcement on illegal cigarettes” to achieve the three main priorities of public interest under the law – i.e. employment, health and government revenue.

DI and their research partners concluded that in four of the five areas the tobacco industry is favored heavily, while health and other social programs receive significantly less funds. These findings, validated by representatives from civil society, showed that a realignment of allocation priorities is necessary if all public interests, such as health and social welfare goals, are to be met.

Research to action

DI’s strength in conducting research was complemented by engaging with NGOs, community-based organizations, and other academic institutions. The media have played their role as well in covering the series of activities and bringing to national attention the fiscal reforms being initiated at the local level. By consulting and holding workshops with community leaders, local government agencies and NGOs, the gaps and needs for social programs and services for local development were identified and translated into action plans.

Lessons Learned and Challenges

- Utilizing local evidence that captures the socio-political context is effective for catching the attention of policy makers.
- The needs of different stakeholders including marginalized and vulnerable groups should be taken into account in local development planning.
- Framing fiscal policy (and tobacco excise) issues as human rights issues broadens support from different sectors.
- University institutions and researchers are perceived as academics and unbiased in presenting research-findings.
- The media play an important role in increasing public awareness and participation.
- Increased public awareness empowers stakeholders to participate more actively in local governance.
- The involvement of high-level policy makers from the central government will strengthen the network further and help institutionalize policy reforms.

Particular emphasis was also given to several rights-based groups to ensure that the action plans are multi-sectoral and comprehensive. While these plans are many and varied, there is obvious consensus on using the 2% earmarked tax for improving social welfare including vulnerable groups. This revised agenda has been presented to policy makers for inclusion in the next fiscal year’s budget.

While there remains much work to be done before a complete public policy reform could integrate tobacco control measures at the local level in Indonesia (health promotion will be prioritized in 2014), the alliance between academia and civil society has given local communities a voice in determining the ideal allocation for the earmarked tax and increased their participation in the management of such tobacco tax revenue allocations.
Lao PDR signed the WHO FCTC in 2004 and ratified it in 2006, expecting that the international convention would help tackle the high smoking prevalence rate, which is 40.3% among adults in the country. Lao PDR has had to develop internal laws and regulations to support the FCTC, including a law to raise tobacco tax rates in accordance with Article 6.

However, the country faced a unique situation. In 2001, prior to the adoption of the FCTC, the Lao National Committee for Planning and Investment and the tobacco industry had signed an Investment License Agreement (ILA) that granted the industry a 5-year tax holiday and a low excise tax rate for 25 years. The implications of the ILA are threefold: 1) the government is unable to collect 55% excise tax of the product’s factory price as required by Lao PDR’s Tax Law of 2005, and instead is only collecting excise tax of 15% on cigarette brands with production costs that are less than 1,500 LAK per pack, and excise tax of 30% on those with production costs equal to or higher than 1,500 LAK per pack; 2) significant government revenue is lost; and 3) cigarette affordability is rising on account of the low cigarette prices and higher GDP per capita, which has resulted in a higher cigarette consumption rate. An innovative response to meet Article 6 was necessary, as any amendments to the ILA would meet strong resistance by the tobacco companies who would claim the agreement as binding.

An alternative mechanism of tax collection was conceived whereby an “additional tax” is imposed on locally produced cigarettes, collecting a flat tax rate of 100 LAK/pack in 2010 and 500 LAK/pack in 2011. The additional tax is collected along with the excise tax and adjusted according to the cigarette affordability trend and economic growth in the country.

A partnership between the Ministry of Health (MOH), Ministry of Finance (MOF), and WHO was formed in 2010 to provide assistance in the implementation of this additional tax measure. This partnership was facilitated by the Southeast Asia initiative on Tobacco Tax (SITT) project, which built upon earlier work between SEATCA and the MOH. This earlier collaboration produced two studies: “Tax Policies for Tobacco Industry in Lao PDR” and “Tobacco-Related Socioeconomic Cost of Stroke, Lung Cancer and COPD in Laos”, which demonstrated that urgent intervention was required by Lao PDR if they were to regain the revenue lost because of the ILA and curb tobacco consumption under the FCTC.

Using evidence to inform policy also underpinned the first action by the partners in the SITT project. A ‘Cigarette Affordability and Impacts on Revenue’ study (2011) about tobacco tax increases and their beneficial impact, enabled the MOF to ultimately present the additional tax increase model to the government. By April 2011, the additional tax collection per cigarette pack was increased from 100 LAK/pack to 500 LAK/pack, noting that the previous additional tax of 100 LAK/pack was not effective. It is unusual to use 100 LAK bank note in Lao PDR, so the cigarette manufacturers increased the retail price by 500 LAK/pack, which earned them an additional 400 LAK/pack, while only 100 LAK was deducted as additional tobacco tax.

There has been no negative feedback by consumers about the tobacco tax increase largely as the cigarette price is still affordable, with the most popular local brand selling at USD 0.75 per pack and the most popular foreign brand selling at USD 1.46 per pack. However, the tobacco industry has challenged the new
A letter of complaint was sent to the Prime Minister, accusing the government of reducing tobacco industry profits and increasing the sale of illicit cigarettes. The letter also claimed the potential for job losses among tobacco farmers, which would lead to increased poverty in Lao PDR. The tobacco industry enjoys a good relationship with the government, particularly as the legal advisor of the Lao Tobacco Company (LTC) is a former government vice minister. In addition, the government provided a negotiating platform for the tobacco industry that has resulted in the government returning certain benefits to the LTC, such as negotiating the opening of new tobacco businesses, enabling the present company to control practically the entire market. The SITT project provides technical assistance and information to the MOF and the Inter-Ministerial Tobacco Control Task Force to help counter any actions that are against the government’s tobacco control policy and/or in contravention of the FCTC. In the future, Lao PDR aims to utilize the tobacco tax in health promotion activities to educate the public on the negative impact of smoking and on the need for continuous increases to the additional tax.

The additional tax system has been an innovative approach to taxing tobacco in Lao PDR. The government can, over time, regain their lost revenue, and in the mid-term reduce the cigarette affordability rate in the country. Nevertheless, the government must be able to respond to intensive tobacco company lobbying in the future, including being able to ensure that the tax increase is high enough to catch up with the loss of revenue and also to reach the 55% excise tax rate regulated by law. While the Ministry of Finance aims to continuously raise the additional tax based on the SITT tax model, the strengthening of inter-sectoral collaborations to produce sound local evidence and repackage tobacco tax information remains critical.

Lessons Learned and Challenges

- Any ‘additional tax’ increase should be underpinned by sound arguments and evidence to counter tobacco industry arguments.
- While an annual progressive tax increase is ideal, a ‘softer’ approach that increases tobacco tax once in every two years with a more substantial tax increase may be more politically practical.
- External technical and financial support from organizations such as SEATCA is crucial for the local tobacco tax collaboration, which has a limited budget and few resources.
- Broad and high level political commitment for increasing tobacco tax is essential. A formal command from the Prime Minister’s Office to ministries and departments is key to speeding up the process.
- Leadership from both MOF and MOH is required to underpin the strategy: the MOF leads tobacco tax research to forecast the tax increase model, and the MOH examines the impact of the tax increase on health behaviour and outcomes.
- The collaboration between Lao PDR and Bangkok-based SEATCA staff benefits from their language and cultural similarities. Evidence and experiences from Thailand can easily be adapted in Lao PDR, contributing greatly to the progress in tobacco tax policy.
- To tackle tobacco industry interference, high level officials and policy makers must be part of the Inter-Ministerial Tobacco Control Task Force and play an active role to support tobacco control policy.
A review of the Philippine tobacco excise tax structure showed inequities and loopholes that needed to be addressed immediately if sustained reductions in tobacco consumption are to be achieved. The current system requires multiple reforms, specifically: removal of the price classification freeze; indexing of taxes to inflation; shifting from a multi-level to a single level tax structure, and the setting of regular and frequent increases in excise tax.

With 17.3 million adult smokers, the Philippines has one of the highest smoking prevalence rates in the world: ranking ninth in the global male adult smoking population and 16th in the female adult smoking population. Meanwhile, the 2007 GYTS showed that 27.3% of schoolchildren aged 13 – 15 years old are tobacco users – an increase of almost 40 percent within a span of four years.

The Philippines is a Party to the WHO FCTC, which recognizes that price and tax measures are effective and important means of reducing tobacco consumption and encourages policymakers to take into consideration the national health objectives when shaping tobacco tax measures.

The Philippines imposes three different types of tax on tobacco: value-added tax (VAT), import tariff, and excise tax. The project’s focus is on excise tax, as it serves a regulatory purpose and is the subject of draft bills currently pending in Congress.

The actors and agents that play key roles in implementing stronger and better tobacco tax policies in the Philippines include: the Congress, specifically the Ways and Means Committee of the House of Representatives; Departments of Health (DOH) and Finance (DOF); and organizations from civil society.

The government has been active on a number of fronts. The DOF is alarmed by the steadily decreasing revenues from excise taxes, especially tobacco tax, because of the lack of indexation and the price classification freeze and has been pushing for the amendment of the tobacco excise tax system. This year, President Benigno Aquino III, through the Legislative-Executive Development Advisory Council (LEDAC), included the restructuring of excise tax on alcohol and tobacco products as one of the thirteen (13) priority bills of the administration. The LEDAC prepared a draft bill that aims to correct the flaws of the current excise tax structure. Specifically, it provides for the:

- removal of the price classification freeze
- shift to a single tax level structure
- increase of excise tax of cigarettes to PhP30.00 by 2014
- automatic adjustment of the tax rates using the relevant NSO-established tobacco and alcohol index
- funding for alternative livelihood for tobacco farmers and workers; and
- funding for the universal health care program of the government.

Civil society has been the major change agent: organizing non-government organizations (NGOs) to push for the restructuring of tobacco taxes, undertaking policy-relevant research, and providing technical assistance to government agencies. Civil society groups participate in an informal coalition composed of different organizations and government institutions that are supportive of increasing tobacco tax in the country.

Prior to the implementation of the SITT Project, there was no unified position among stakeholders on the changes needed for the tobacco excise tax system. Through the establishment of an informal technical working group (TWG) by joint civil society and government action, there is now consensus among the different institutions on the necessary reforms for the tobacco tax policy. The process also resulted in a clear
understanding that tobacco tax increases should take into consideration both public health and revenue goals.

This consensus was reached through a range of collaborative activities to produce evidence to inform the policy change, including extensive consultation with the government, academe, and other civil society partners, as well as a partnership between HealthJustice and the University of the Philippines College of Law to develop “Taxing Health Risks” (A Policy Paper on Tobacco Excise Tax and Health Promotion), which analyzed the current tobacco excise tax system and recommended improvements.

Despite the challenge of tobacco control policy being practically relegated to a low-priority concern of the DOH, the technical recommendations were still adopted by the agency. This shows that even though the government is not always a strong supporter of tobacco control, there is still an opportunity to do tax reform if the important elements that will support it are present: the need for health-related revenue for the projected expense, the tax schedule needs to be updated and clearly needs reform even from the fiscal perspective, and evidence and clear recommendations on taxes for health are provided.

The policy paper and its recommendations were strategically disseminated using face-to-face meetings with selected policy makers, mainstream media and social media campaign. The findings were all translated into straightforward and easily readable materials for the stakeholders, media, and the public, such as PowerPoint presentations, briefers, primers, and fact sheets on tobacco tax and health promotion. A major component of communication activities is responding quickly to misinformation by the tobacco industry. Developing supplemental evidence to support policy and counter tobacco industry arguments is important to garner support by keeping the public informed on important and relevant data about the role of tobacco tax in decreasing smoking.

Lessons Learned

The SITT experience in the Philippines highlights the need for:

- Considering health objectives in the development of fiscal policy for tobacco tax reforms.
- Identifying the key agents and actors who can work in the TWG.
- Engaging competent technical personnel to undertake the research.
- Building public support to counter tobacco industry arguments and misinformation.
- Gaining the support of policy makers through constant briefings on the tobacco tax reforms and its importance for the health of people and the economy of the Philippines.
Increasing smoking prevalence and tobacco-related mortality is a disturbing trend in most ASEAN countries. A new partnership between government (Tax Policy Department, Ministry of Finance (TPD-MOF)) and a non-government organization (HealthBridge) is making inroads to tackle this costly epidemic in Vietnam.

Nearly half (47.4%) of adult males and 1.4% of females in Vietnam smoke tobacco. Vietnam faces a high burden from non-communicable diseases: 40,000 deaths in 2008 were tobacco-related, projected to increase to more than 50,000 deaths annually by 2023. Tobacco-related inpatient health care costs were also close to USD 110 million in 2007. These escalating costs were a wake-up call for public health and finance policy makers in Vietnam. Drawing on international evidence that high tobacco taxes and prices are the most cost-effective way to reduce cigarette affordability, these policy makers formed a unique partnership to both strengthen tobacco control policies and generate more revenue for government.

Further to no significant increase in tobacco taxes in Vietnam between 1995 and 2005, an adjustment of the tax rate in 2006 and an increase in 2008 were relatively small. Thus, among ASEAN countries, tobacco tax in Vietnam is still relatively low and cigarettes remain affordable for most people. At 45% of the retail sale price of cigarettes, the tax burden is also well below the 66% to 80% rate recommended by the World Bank and WHO.

Many countries have recognized the importance of integrating health and fiscal policies to achieve comprehensive tobacco control legislation that protects and promotes public health. In most countries, the Ministry of Health (MOH) has taken the lead in implementing the WHO Framework Convention Tobacco Control (FCTC), and while this role requires working with many other ministries, it has been a common experience for the Ministry of Finance (MOF) to be little involved in the setting and implementation of tobacco control policies. The absence of a strong partnership between these two ministries has resulted in minimal engagement and at times slowed the implementation of effective tobacco tax policies, with regard to public health, in many countries.

In Vietnam, the MOF had been playing previously only a minimal role in the development of tobacco excise tax policy related to public health objectives, although having been involved in developing the tobacco control agenda in the early 2000s with Viet Nam Committee on Smoking and Health (VINACOSH) and other stakeholders. In 2009, according to the Government Plan for FCTC implementation, the MOF was assigned to investigate and propose an effective tobacco tax policy and develop a roadmap for tax increases. Subsequent to the establishment of the Bureau of VAT and Excise Tax Policy in 2009, the TPD-MOF has had the lead role in developing and implementing a tax policy reform program by 2020. This includes developing a tobacco tax roadmap and supporting legal documents aimed to reduce tobacco consumption.

The Vietnam tobacco control movement has been underpinned by a number of collaborative relationships within the health sector. Tobacco control advocates and policy makers, including the Ministry of Health, VINACOSH and the Vietnam Office of WHO, work closely with HealthBridge Vietnam and SEATCA. Through SITT, HealthBridge Vietnam, in collaboration with SEATCA, established a new partnership with MOF-TPD to advance tobacco tax in Vietnam. The SITT project supports this partnership, which is also working toward a sustainable funding mechanism to support tobacco control and health promotion. This partnership is a historical...
milestone, being the first project collaboration between TPD-MOF and NGOs such as HealthBridge Vietnam and SEATCA.

Since the start-up phase of the project, HealthBridge and SEATCA engaged high level TPD-MOF officials in a series of meetings to identify common objectives and the support required for mobilizing excise tax increases. Problems such as the potential for cigarette smuggling and its impact on employment in the industry, and the need for policy-oriented tobacco control research were discussed at these meetings.

HealthBridge and SEATCA have also worked with TPD-MOF to run workshops and meetings with relevant stakeholders, including officials from National Assembly, Department of the Government Bureau, Ministry of Industry and Trade, Legislation Department, and the Import and Export Tax Division. These meetings helped gain support for accelerating excise tax increases and improved stakeholders’ knowledge about the FCTC Article 6 provisions. MOF officials from Tax and Customs Departments also participated in in-country and regional training programmes which focused on strategies to improve the tobacco tax system.

The inclusive process not only fostered good working relationships between the SITT project partners and TPD-MOF but has also enabled the MOF to be a key player in the local tobacco control community.

Opportunities to learn from other countries in the region have been an effective way to strengthen ties and build capacity among policy makers in Vietnam. Regional workshops have offered MOF the opportunity to share knowledge, best practices, and problems with local and international experts, tobacco control advocates, health professionals, and policy makers from ASEAN countries. High-ranking officials from the Government Office, MOF, Ministry of Justice, National Assembly, and VINACOSH have attended study tours in SEATCA partner countries such as Thailand, Singapore and Malaysia. Following these, policy makers have reported greater understanding of the different tobacco tax systems, cigarette smuggling controls, and health promotion policies. Not only is knowledge shared but also passion and commitment, with participants reporting a firm resolve to strengthen Vietnam’s tobacco tax policy through tobacco tax increases and a sustainable fund for tobacco control.

A Tobacco Research Working Group (TRWG) comprising officials from TPD, MOF, HealthBridge, VINACOSH, and WHO Vietnam was formed to oversee tobacco research. A study on affordability and impacts of tax increases and a price and retailers survey have been completed. The participation of TPD-MOF in the research team promoted a sense of ownership over the research findings. A range of resource materials related to tobacco tax policy were also developed and translated into Vietnamese to reach wider target groups as well as being used as a tool for coordinating all stakeholders working to raise tobacco excise tax.

HealthBridge, SEATCA and TPD-MOF continue to identify research gaps and strategies for addressing challenges. The Vietnam tobacco tax roadmap is an ongoing concern where HealthBridge and SEATCA are providing technical assistance to TPD-MOF to undertake a study to determine the optimal tax rates for curbing consumption while generating additional revenue.

This case study demonstrates that cross sector tobacco control collaborations do work when underpinned by a strategic partnership approach.

**Lessons Learned**

- Foster trust and a shared vision with strategic policy makers and leading government officials to identify common objectives and collectively address potential challenges.
- Build evidence, improve skills, and raise awareness of other relevant stakeholders to gain their understanding and support in developing and implementing effective strategies.
- Adopt a consultative and problem-solving approach that is inclusive, promotes cooperation, and provides ownership and shared leadership.
- Build regional and international solidarity that creates opportunities to share knowledge and experiences, provides inspiration, and solidifies commitment.
- Maintaining the partnerships established is necessary as new developments arise and to address new research gaps and continuing challenges raised by the tobacco industry.
Tobacco Package Health Warnings in ASEAN

Parties to the FCTC are duty-bound to implement specific packaging and labeling measures for tobacco products (Article 11). This obligation includes the implementation of effective health warnings and the prohibition of misleading terms, descriptors, or trademarks (such as “light” and “mild”).

To assist Parties meet this obligation, the FCTC Article 11 Guidelines, based on international best practices and scientific evidence, recommend that governments require large pictorial health warnings (PHWs) on tobacco packages to inform consumers of the harms of tobacco use. At least 43 countries now implement PHWs, including four in ASEAN, which are further described below. In addition, to further enhance the effectiveness of the PHWs and eliminate the use of the pack for advertising, the Australian government has successfully passed legislation that requires standardized or plain packaging of all tobacco products by December 2012, and several other countries are also planning to introduce similar packaging measures. Moreover, at least 73 countries have banned the use of false, deceptive and misleading terms such as “light” and “mild” on cigarette packages.

Singapore was the first ASEAN country (2004) to apply six rotating PHWs covering 50% of the upper front and back of tobacco packages with accompanying English language text messages and a Quitline number. A second set of six rotating PHWs was introduced in 2008. The recently amended Tobacco (Control of Advertisements and Sale) Act (effective 1 March 2013) bans the use of false and misleading terms and applies to all trademarks, including prohibiting these terms as part of tobacco brand names.
2011 Highlights of SITT Indonesia Packs Achievement

- The Minister of Health’s presentation to the Cabinet Secretary of the Draft Regulation (PP) on Tobacco Control containing implementation of PHW is pending
- The Constitutional Court stated that PHW are mandatory in a judicial review of the Health Warning provisions
- Generated a state of readiness for policy implementation including:
  - Completed assessment study on the PHW implementation strategy; prepared guidelines and approved copyright of images for PHW implementation.
  - Conducted “Towards Equality of Rights: Indonesian and Exported Cigarettes”, a seminar which discussed how Indonesian cigarette makers have produced PHW for exported products to comply with regulations in recipient countries.
  - Conducted an orientation workshop on PHW best practices for public lawyers during the Lawyers Training organized by Jakarta Residents Forum (FAKTA).
  - Produced several factsheets on consumer rights and the right to information in relation to pack warnings.

In 2005, Thailand also required six rotating PHWs covering 50% of the upper front and back of the cigarette pack with text messages in Thai language. The total number of PHWs was increased to nine in 2007 and to ten in 2010, at which time the size of PHWs was also increased to 55% of the upper front and back of the pack, and a Quitline number was introduced. Specific information on tobacco constituents and emissions as defined by national authorities is also required on the side panels of cigarette packs.

Brunei implemented its six rotating PHWs in 2008, requiring that they cover the upper 50% of the front and back of the package and are accompanied by both Malay and English language text messages. Recently, amendments to the Tobacco (Labeling) Regulations (effective 1 September 2012) increased the size of PHWs to 75%, currently the largest in the region.

Malaysia has also enforced PHWs from January 2009. The warnings cover the top 40% of the front and 60% of the back and are accompanied by Malay and English language text messages. A Quitline number is also printed on the pack. Additionally, the sale of kiddie packs (less than 20 cigarette sticks per pack) is banned in Malaysia.

Indonesia’s cigarette packs currently carry only a small text warning; however, the country’s Health Law 2009 requires PHWs, and this has been upheld and clarified in the Constitutional Court after a legal challenge by the tobacco industry. Approval of government regulations for implementation of PHWs, however, is still pending.

All other ASEAN member states (Cambodia, Lao PDR, Myanmar, Philippines, and Vietnam) carry text-only warnings, although legislation has been proposed in some countries to also implement PHWs.
The Southeast Asia Initiative on Tobacco Tax (SITT) project not only builds capacity in countries in the region to raise tobacco taxes in order to curb tobacco consumption and increase government revenue, but also supports Indonesia to implement pictorial health warnings on cigarettes packages. Although Indonesia has not yet acceded to the FCTC, in 2009 the government passed the new Health Law No. 36/2009, which has built momentum for further health information on cigarette packages. Proven pictorial health warnings in a new Government Regulation (PP) are to replace existing text warnings regulated under Government Regulation (PP) No. 19/2003. Indonesia has implemented health warnings since 1999: While the Government regulated text warnings on cigarette packages, there was only one authorized text warning stating: “smoking can cause cancer, heart attack, impotence and harm pregnancy and fetal development”. There was also no specific regulation of the coverage and size of text on cigarette packages, and the text placement was not easily seen. The shift from textual health warnings to pictorial health warnings is a complex process that involves not only significant technical knowledge but strong political resolve to counter the cigarette industry’s interference.

SEATCA first facilitated multi-sectoral collaboration in 2006: The Indonesian tobacco control movement became more organised after participating in SEATCA advocacy training. The training not only built the capacity of 14 NGOs that later established the civil society group Indonesian Tobacco Control Network (ITCN) but also allowed participants to replicate knowledge and skills gained from the training in their own practice. In addition, it led to a joint Heart and Cancer Foundation submission to SEATCA, which heralded the beginning of the ongoing collaboration between SEATCA and civil society groups in Indonesia.

With SEATCA support and encouragement the Indonesian team has advanced the pictorial health warnings policy. Initially, a multi-sectoral working team comprising the SITT country team and a research institution undertook a study that found that the general public preferred both text and picture warnings on cigarette packages: the large majority of respondents supported 50% health warning coverage on cigarette packages. The study findings were disseminated widely via public media and through targeted communications with the Ministry of Health and other stakeholders. The group also established a resource centre on pictorial health warnings providing fact sheets, regional materials, examples of Pictorial Health Warning laws from and outside of the region, and most importantly, samples of cigarette packs with graphic warnings from the region, including Indonesian cigarette packs with graphic warnings exported to neighboring countries.

These collaborative efforts contributed significantly to the Ministry of Health’s Country Action Plan to amend PP No. 19/2003 from text warnings to pictorial health warnings.

The SITT Indonesian Packs Project works in partnership with the Faculty of Public Health at the University of Indonesia and...
provides evidence and technical assistance to the government to support the implementation of pictorial health warnings policy by 2014. In 2010, the regional collaboration provided assistance to the drafting of a new PP. The key learning platform for the Packs Project was learning about the experiences and knowledge about pictorial health warning law from meetings with counterparts in Brunei and Malaysia. The government also supported the drafting of the PP law through an inter-sectoral technical task force formed by the Ministry of Health and comprising 18 ministries. The Packs Project team also organized a seminar to discuss the tobacco farmers’ and small-scale tobacco producers’ issues and opposition to the PP, in which representatives from the economic and trade ministries participated and benefited from. In addition, a technical working group or “think tank” also provided technical assistance to the government. The think tank comprises members from the Public Health Faculty, and relevant units at MOH, NGOs, WHO, and the SITT Tax Coordinator.

Technical assistance, coordinated by the Ministry of Health, is offered in several forms: 1) formal input to inter-sectoral discussions and involvement in impromptu consultations; 2) provision of local and regional evidence and examples of cigarette packages; and 3) forums/seminars that respond to issues raised by Economic Ministries (Ministry of Industry and Ministry of Trade). In the process of providing technical assistance, a key insight was made about how best to frame the argument for pictorial health warnings. By expressing the case as a consumer right to information in accordance with Consumers Law No. 8/1999, the proposed changes are now framed as ongoing policy improvement rather than anything radically ‘new’.

The SITT project’s effective multi-sector collaboration has built a solid foundation to support the effective implementation of pictorial health warnings after the passage of PP in the near future. Such collaboration provides the strength and expertise to counter anticipated industry opposition and ensure that the optimal coverage size is specified in the PP.

“**A country and regional platform for sharing knowledge and experience is the most effective way for establishing pictorial health warnings. Although each country may have a specific context and concerns, the common challenges in establishing the policy can be shared and learned.**” Widyastuti Soerojo, SITT Indonesia Packs Coordinator

### Lessons Learned

- Involving key government officials at every stage of the initiative.
- Finding the right management and communication mechanisms. The technical working groups formed by the government and civil society group have been key to success so far.
- Policy-relevant evidence from country-specific research is required to build confidence for policy makers to advance the regulation and policy.
- Keeping a flexible and creative mind. The reframing of pictorial health warnings policy messages created a stronger lever for change.
- Seizing opportunities and synergies. The capacity building, networking, financial and technical assistance from the region (in particular, SEATCA) were key catalysts for change.

### Challenges

- Pictorial health warnings are integrated into the complete PP Health Law, which means that the passage of the PP is a very long process, as all components require review and agreement.
- Gaining consensus on policy: the two economic ministries (Ministry of Industry and Ministry of Trade) as well as the tobacco industry, have not reached accord on the Pictorial Health Warning coverage size.
- Tobacco Industry interference on the passage of PP: they have deployed delaying tactics including: a half-page advertisement to counter the PP; cases filed at the Constitutional Court to undermine Pictorial Health Warnings; and the mobilization of farmers’ rallies.

“A country and regional platform for sharing knowledge and experience is the most effective way for establishing pictorial health warnings. Although each country may have a specific context and concerns, the common challenges in establishing the policy can be shared and learned.” Widyastuti Soerojo, SITT Indonesia Packs Coordinator

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Our vision is a healthy, tobacco-free ASEAN Community. We are committed to saving human lives from tobacco’s myriad harms through effective FCTC implementation, specifically higher taxes and prices that make tobacco increasingly less affordable, coupled with sustainable funding mechanisms for tobacco control and health promotion, and pictorial health warnings that show the truth about tobacco use.

Where do we go from here? An untraveled road remains ahead, and while the subversive tobacco industry lurks around every corner, we step forward with confidence, with research that builds evidence for policy change, national and regional multi-sectoral forums that promote collaboration, and country initiatives that monitor and counter the tobacco industry’s efforts to derail, weaken, or delay the implementation of effective tobacco control measures, particularly relating to tax reforms and pictorial health warnings.
THE SITT TEAM

SITT Steering Committee Members

The SITT project is overseen by a Steering Committee that draws on the expertise of renowned tobacco control advocates, academics, government officials, and regional and national public health leaders.

Dr. Somsak Chunharas (Chair)  
Chairman, SEATCA Foundation, and Secretary-General of National Health Foundation, Thailand

Dr. Prakit Vathesatogkit (Vice-chair)  
Vice Chair, SEATCA Foundation and Secretary-General, Action on Smoking and Health, Thailand

Dr. Rahmat Awang  
Coordinator, Clearinghouse for Tobacco Control, National Poison Center, Universiti Sains Malaysia

Dr. Firmanzah  
Dean, Faculty of Economics, University of Indonesia

Dr. Milwida Guevara  
CEO of Synergeia Foundation, Inc.; former Undersecretary of Finance, Philippines

Mrs. Manivone Insixiengmay  
Director General of Tax Department, Ministry of Finance, Lao PDR

Dr. Susan Mercado  
Regional Adviser, WHO Tobacco-Free Initiative, WPRO

Dr. Rob Moodie  
Chair of Global Health, Nossal Institute for Global Health, University of Melbourne, Australia

Dr. Suahasil Nazara  
Head of the Department of Economics, Faculty of Economics, University of Indonesia

Mr. Pham Dinh Thi  
Vice Director General, Department of Tax Policy, Ministry of Finance, Vietnam

Dr. Phan Thi Hai  
Vice-Director, Vietnam Steering Committee on Smoking and Health Standing Committee, Ministry of Health, Vietnam

Mr. Um Seiha  
Deputy Director General, General Department of Taxation, Ministry of Economy and Finance, Cambodia

Dr. Bambang Wispriyono  
Dean, Faculty of Public Health, University of Indonesia
The SITT regional team makes the overall project management decisions and provides specific technical support to in-country activities. It is also responsible for maintaining cohesion in implementing various aspects of SITT, recognizing that socio-cultural-political contexts vary from country to country. In addition, the team is at the forefront in promoting the project’s visibility regionally and internationally and in linking with different institutional partners to harness the benefits of cooperation and consolidated action.

Our SITT country partners are:

CAMBODIA: World Health Organization and General Department of Taxation, Ministry of Finance. SITT Country team: Dr. Yel, Daravuth as SITT Cambodia Coordinator, and Ms. Yoeu Phallin, SITT Project Officer.

INDONESIA: Faculty of Public Health and Demographic Institute, University of Indonesia. SITT Country teams: Dr. Widyastuti Soerojo, SITT Indonesia Coordinator and Ms. Sri Mufti, SITT Indonesia Assistant Coordinator, for Packs; and Mr. Abdillah Ahsan, SITT Indonesia Coordinator and Ms. Ayke Soraya Kiting, SITT Indonesia Coordinator, for Tax.

LAO PDR: Tobacco Control Taskforce, Ministry of Health and Department of Tax, Ministry of Finance. SITT Country team: Dr. Maniphanh Vongphosy, SITT Lao Coordinator, and Ms. Vathsana Kongsengphengpet, SITT Project Assistant.

PHILIPPINES: HealthJustice. SITT Country team: Atty. Deborah Sy, SITT Project Director, Atty. Irene Patricia Reyes, SITT Project Manager, and Mr. Ralph Emerson Degollacion, SITT Project Coordinator.

VIETNAM: HealthBridge, Department of Tax Policy, Ministry of Finance, and VINACOSH. SITT Country team: Dr. Pham Thi Hoang Anh, SITT Vietnam Coordinator, Ms. Le Thi Thu, SITT Project Manager, and Dr. Nguyen Tuan Lam, SITT Technical Adviser.

SITT Regional Team

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VISION
Towards a healthy, tobacco-free ASEAN

MISSION
Working together to save lives by accelerating effective implementation of the FCTC in ASEAN

- Generating more local evidence for advancing tobacco control policy through a collaborative research program
- Creating regional momentum through regional forums and working directly with policy makers in each country
- Increasing the number and capacity of tobacco control workers in each country
- Supporting progressive policy development in each country
- Strengthening local capacity and policy development through an advocacy fellowship program and national working groups

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