



Tobacco taxes in Latin America

Is it possible to achieve progressive control of tobacco use, one of the leading causes of non-communicable diseases that account for nearly 70% of global deaths, and 77% of premature deaths in the Americas*? Can fiscal policies have a tangible effect in reducing tobacco consumption that reaches 25% in some Latin American countries*?

Today, the South American Network on Applied Economics/Red Sur launched a new research, *Tobacco taxes in Latin America*, as part of a global project focused on studying the different options for tax policies as an effective tool to reduce the levels of tobacco consumption. The University of Illinois at Chicago's (UIC) Institute for Health Research and Policy facilitates this global effort on the economics of tobacco through a web-based platform called "[Tobacconomics](#)."

Red Sur will lead Latin-American studies on tobacco taxes, focusing on Argentina, Brazil, Ecuador, Mexico and Peru, where 263.000 people die annually due to tobacco related causes.**

In Latin America, there have been important tax reforms with the goal of reducing tobacco consumption. However, these reforms have often fallen short of the intended purposes. New and additional increases in tobacco taxes have been blocked by concerns about potential negative economic impacts from tobacco tax increases, often fuelled by vested interests from the tobacco industry.

Evidence from around the world shows that higher tobacco taxes and prices, along with other tobacco control policies, such as smoke free laws and selling bans reduce the toll of tobacco related deaths and bring in new revenues, which can finance health and development efforts.

This initiative aims to accelerate these processes and will focus on:

- Alternative strategies for reducing affordability of tobacco products, such as indexation of taxes to offset inflation and rising incomes, with incremental increases.
- Social and economic costs of tobacco use, including healthcare expenditures, lost productivity.
- Supply side effects of increased tobacco taxes, including labor, farming, and/or manufacturing impacts.





- Impacts of increased tobacco taxes on inequality, in particular progressivity and poverty impacts of tobacco production and use.
- Use of tobacco taxation as an instrument to reduce tobacco consumption targeted to support achievement of the Sustainable Development Goals (SDGs).
- Tax administration and compliance aspects related to tobacco taxation including tax avoidance, evasion and illicit trade.

The project's first research workshop will take place on March 21 and 22, 2018, in Montevideo. It will be an opportunity for methodological and content exchange between researchers of all selected centers. With this milestone, a new research cycle begins to provide local and regional evidence from a fiscal perspective, considering the feasibility of alternative policies to build a regional healthy tax agenda.

UIC is a core partner of the Bloomberg Philanthropies' Initiative to Reduce Tobacco Use. The Bloomberg Philanthropies initiative's main goals are to raise awareness of the harms caused by tobacco and assist low and middle-income countries implement strong tobacco control policies to reduce tobacco use. Over the past ten years, the initiative has supported 59 countries in passing tobacco control laws or policies, reaching nearly 3.5 billion people and saving an estimated 30 million lives.

List of new studies and research teams:

Technical Regional Coordination: Fernando Lorenzo (President, Red Sur, CINVE) and Oscar Cetrángolo (IIEP-UBA-CONICET, Red Sur) with the collaboration of Carlos Grau (CINVE, Red Sur) and Pedro Velasco (UNLP, IIEP-UBA-CONICET, Red Sur).

Accelerating effective tobacco taxes in Latin America. The Argentinian case / Acelerando la fiscalidad efectiva al tabaco en América Latina. El caso argentino

Lead researcher: Ricardo Rozemberg

Research team: Ricardo Rozemberg, Gabriel Bezchinsky, Ariel Melamud and Patricia Rizzi Centro iDeAS, Universidad Nacional de San Martín (UNSAM), Argentina.

Impact of recent tobacco tax reforms in Argentina / Impacto de las recientes reformas impositivas al Tabaco en Argentina

Researchers: Martín González-Rozada and Julio Berlinski
 Instituto Torcuato Di Tella (ITDT) – Red Sur





Health and productivity costs due to tobacco consumption in Mexico / Costos en el sector salud y en la productividad por el consumo de tabaco en México

Lead researcher: Liliana Alvarado

Research team: Liliana Alvarado, Claudia Córdova and Dalia Toledo

Ethos, Laboratorio de Políticas Públicas

Consequences of special tobacco taxes in Mexico: inequality, consumption and poverty / Efectos de impuestos especiales al tabaco en México: desigualdad, consumo y pobreza

Lead researcher: Luis Huesca Reynoso

Research team: Luis Huesca Reynoso, Cuauhtémoc Calderón Villareal, Linda Irene Llamas Rembao, Guy Lacoix and Abdelkrim Araar

Centro de Investigación en Alimentación and Desarrollo (CIAD)

Evidence and economic analysis for sustainable policies: a tax strategy in Peru / Evidencia y análisis económico para políticas sustentables: una estrategia de impuestos en Perú

Lead researcher: Carlos De los Ríos

Research team: Carlos De los Ríos, Hugo Córdova and Marco Ugarte

Instituto de Estudios Peruanos (IEP)

Sources:

*PAHO-WHO, 2016, "Informe regional sobre el control de tabaco".

**IECS, "Carga de enfermedad atribuible al tabaco", www.iecs.org.ar.

For further information regarding the research or to coordinate interviews, please contact:

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