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Global experience in health taxes and future plans for technical assistance

Caribbean Workshop on Health Taxes
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Provide advanced tobacco taxation technical support in LAC countries.

Tobacco taxation in Latin America and the Caribbean

- Strengthen tobacco tax design in LAC countries by:
  - Providing advanced tobacco taxation expertise (OECD Centre for Tax Policy and Administration)
  - Fostering dialogue on tobacco taxation policy between Finance and Health Ministries
  - Utilise modelling-based approaches to assess the impact of tobacco policy reforms
Tobacco taxation in Latin America and the Caribbean
Caribbean countries are not performing well in the R measure of MPOWER.

Countries in green are the only countries to implement tobacco taxes at the best practice level (≥75%); yellow countries have taxes that represent ≥ 50% to <75 of the retail sale price; orange countries have taxes that represent ≥ 25 to <50% of the retail sale price; and red countries have taxes that represent <25% of the retail sale price. The LAC average in blue was calculated as the average of the countries with data provided.

Tobacco taxation is the ‘best buy’ for reducing tobacco consumption.

**Goal:** Provide advanced tobacco taxation technical support in LAC countries

- **Provide technical support** to strengthen tobacco taxation design and administration in LAC countries
- **Modelling-based approaches** to assess the impact on health outcomes AND healthcare expenditure and revenues
- **Facilitation interactions** between Ministries of Health and Treasuries and between government and stakeholders
- **Offer support and evidence on potential challenges** when engaging with stakeholders with vested interests
Lesson: Tobacco taxation in France
A tobacco-taxation-focused policy package is expected to lower France’s healthcare spending by EUR 143 per capita by 2050.

The project assessed the direct and indirect burden of tobacco in France and evaluated the health and economic impact of the 2016-2020 tobacco control policy.

- Effective in reducing tobacco consumption and increasing the prices of cigarette packs
- Total cost is offset by savings produced; for each EUR 1 invested, nearly EUR 4 will be returned in healthcare expenditure savings
  - 25+ million cases of chronic diseases could be avoided over 2023-2050
  - EUR 8.7 per capita per year in health expenditure will be saved (equal to 0.32% of total health spending)
  - EUR 143 per capita will be saved in health expenditure cumulatively by 2050

Impact of the policy package on health expenditure saving, cumulative number over 2023-2050, discounted

Note: Discounted numbers means numbers are calculated by accounting for the present value of future outcomes. The discount rate is 3%. The plain line represents the central scenario, while the projection band shows the low-end and high-end scenarios.

Example: Lessons from alcohol taxation

https://oe.cd/alcohol2021
Individuals face an equivalent tax of USD PPP 232 per year due to alcohol consumption.

Per capita annual tax needed to cover the increased fiscal pressure due to diseases caused by alcohol consumption (above 1 drink per day for women and 1.5 drinks per day for men), in USD PPP, average 2020-50

GDP is estimated to be reduced by 1.6% annually in OECD countries from the impact of alcohol-related diseases.

Revenue loss from alcohol excise duty as a percentage of GDP, 2016 or latest year available

Thank you!

Ready to join forces and empower Caribbean Health and Finance Ministries with robust tobacco taxation policies?

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