

Caribbean Subregional Workshop on Alcohol, Tobacco and Sugar-Sweetened Beverages Taxation

Accra Beach Hotel, Barbados, May 16-17, 2017

Executive summary

The Pan-American Health Organization (PAHO) held a “*Caribbean Subregional Workshop on Alcohol, Tobacco and Sugar-sweetened beverages (SSBs) Taxation*”, in Barbados on May 16-17, 2017, aimed at positioning taxation of these commodities as cost-effective public health measures for the prevention and control of NCDs in the Caribbean.

The meeting was attended by 70 participants, including officials from the Ministries of Health and Finance of 17 Caribbean countries and territories, as well as key subregional and international partners. The 2-day workshop comprised presentations (available at <http://bit.ly/2qCHxuD>), panel discussions and a working group session, and was organized around 4 main themes: the landscape of NCDs and RFs in the Caribbean; the cost-effectiveness of taxes as measures to reduce consumption of alcohol, tobacco and SSBs; an overview of taxation policies in the Caribbean; and country experiences in implementing taxation.

The following key messages and highlights resulted from the Workshop’s presentations and discussions:

- ***There is a solid global, regional and subregional mandate for the use of tobacco, alcohol, and SSB taxation as public health tools.*** Alcohol and tobacco taxation are two of the most cost-effective and feasible for implementation interventions included in the updated Appendix 3 to the *WHO NCD Global Action Plan* approved in May 2017, which also considers SSB taxation as a cost-effective intervention. Moreover, higher tobacco taxes are a central element of the *WHO Framework Convention on Tobacco Control* (WHO FCTC); alcohol pricing policies are one of the recommended policy areas put forward in the *WHO Global Strategy to reduce the harmful use of alcohol*; while fiscal policies to reduce children and adolescents’ consumption of SSBs are part of the *PAHO Plan of Action for the Prevention of Obesity in children and adolescents*. Furthermore, the CARICOM Heads of Government issued a communiqué at the 37th Meeting of the Conference in July 2016, requesting Member States “*to support harm reduction by taxation of tobacco, alcohol and salty, sugary and trans-fats containing foods*”.
- ***Alcohol, tobacco and SSBs taxation are effective public health tools.*** Global evidence indicates that taxes are an effective means of reducing consumption of tobacco, alcohol, and SSBs. Both alcohol and tobacco taxation are two of the most cost-effective and feasible interventions to reduce consumption, while there is emerging evidence that excise taxes on SSBs are also effective. Out of the different type of taxes that could be applied to products, excise taxes are the most important for achieving the health objective of reducing consumption of tobacco, alcohol and SSBs, since they are uniquely applied to selected products and raise the prices of these products relative to the prices of other goods and services in the economy. In addition to decreasing consumption, excise taxes can generate additional revenues and strengthen domestic resource mobilization, creating fiscal space needed by countries to meet their development priorities.

- ***The use of excise taxation as a public health measure in the Caribbean continues to be limited.*** Out of the 14 Caribbean PAHO/WHO Member States, 13 have excise taxes on tobacco, 12 on alcohol, and recently, Barbados and Dominica implemented excise taxes on SSBs to address the obesity epidemic. In the case of tobacco, the only RF for which comparable information on the tax share is available, none of the 13 PAHO/WHO Member States that currently apply excise taxes on cigarettes meet the highest level of achievement, defined as total taxes representing more than 75% of the final retail sale price of the most sold cigarette brand, established in the WHO Report on the Global Tobacco Epidemic (GTCR).
- ***Standardized indicators are key to monitor progress in the use of tobacco, alcohol and SSB taxation to reduce their affordability at the national level over time, and compare prices and tax shares across countries.*** The WHO GTCR captures the required information to report on the tobacco total tax share and excise tax share. Building up on that experience, PAHO is developing a methodology to gather comparable information on legislation on taxes and data on prices for alcoholic beverages and SSBs, in order to estimate comparable tax shares.
- ***There are clear facts and evidence to counter arguments and myths around the economic impact of taxes often used by the industry and its allies.*** These oppositional arguments include that increasing taxes will lead to increased tax avoidance and evasion, will negatively impact on the poor, and will negatively impact on jobs and the economy. The available global evidence to counter these arguments varies depending on the commodity, in general being more abundant and robust for tobacco than for the other two commodities. Nonetheless, this type of evidence is limited for all three commodities in the Caribbean.
- ***Research on the effectiveness of alcohol, tobacco and SSB taxation in the Caribbean needs to be strengthened.*** There is a need for more studies to be conducted on the impact of taxation measures in the Caribbean, in order to build the evidence base within the subregion as the most compelling case to accelerate progress.
- ***International trade and investment obligations should not deter countries from developing and implementing effective fiscal measures.*** There are practical suggestions to minimize risks and guarantee that fiscal policies are designed as to take into account international trade and investment obligations. They include analysing whether the policy proposal is likely to be discriminatory in its effects; considering if targeting particular products over similar products is justified on health grounds or other policy grounds; following usual legislative processes including public consultation; and involving trade-related legal advice early and throughout the process.
- ***There is no silver-bullet to address NCDs, and taxation should be part of a comprehensive package of interventions.***

Working group discussions were organised by country, in order to address the status and on-going initiatives in relation to tobacco, alcohol and SSB taxation, key challenges/barriers, enablers and required support by PAHO to advance these interventions. Several countries and territories indicated that they are exploring the possibility of utilising or improving taxation measures already used. Some of the challenges identified included lack of political will, informal and formal production, industry

interference, perceived increases in illicit trade, inadequate human resources and perceived negative impact on tourism. Country representatives cited the need for greater PAHO support for stakeholder consultations, resource mobilisation, monitoring and evaluation, and research, among other initiatives to assist them in their public health goals.

As a result, participants agreed that immediate priorities would be to:

- 1) Finalize the data collection tool on legislation and prices for alcohol and SSB, based on the feedback and discussions held at the workshop;
- 2) Complete the collection and validation of legislation on taxes and data on prices for alcohol and SSBs in the Caribbean in order to estimate the tax share for these products;
- 3) Establish a network of focal points from the Ministries of Health and Finance in order to sustain multisectoral dialogue and exchanges of experiences on fiscal measures beyond the workshop;
- 4) Support efforts to conduct evaluations of the impact of tobacco taxes increases and introduction of SSB taxes;
- 5) Strengthen the case to extend the use of alcohol taxation as a measure to reduce its affordability and hence its consumption;
- 6) Explore options to expand the tobacco TaxSim model to cover alcohol and SSB taxation; and
- 7) Explore conducting a study on illicit trade of tobacco products in a Caribbean country.

Furthermore, PAHO will continue to provide technical assistance for the development and implementation of SSB, alcohol and tobacco taxation, as requested by countries.

In conclusion, the workshop was useful in demonstrating the importance of taxation as a public health tool through empirical evidence, including country experiences; and offered a networking opportunity to expand multisectoral work at the national level and build collaborations with subregional and international partners.