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Bangladesh study shows tobacco products are becoming more affordable and there is need for tobacco tax system reform as tobacco users may switch between tobacco products rather than quit

(Monday, 2 May 2016, Waterloo, Ontario, Canada). A report released today entitled *“The trend in affordability of tobacco products in Bangladesh 2009-2015: Evidence from ITC Bangladesh Surveys”* found that although the price of cigarettes and smokeless tobacco increased between 2009 and 2015, rapid economic growth in Bangladesh more than offset these increases. As a result of weaknesses in Bangladesh’s price and taxation system, which fails to factor in rising incomes, tobacco products including cigarette, bidi and smokeless tobacco (zarda, gul) remain highly affordable. It not only encourages higher tobacco consumption, but is likely to induce tobacco users to shift from bidis (inexpensive hand-rolled cigarettes used particularly by low-income people) and smokeless tobacco to cigarettes rather than quitting tobacco use, given the greater affordability gain for cigarettes relative to bidi and smokeless tobacco products observed in the recent past. The Report, prepared by the International Tobacco Control Policy Evaluation Project (the ITC Project) at the University of Waterloo, in Canada, urges policymakers to change the tax system to keep pace with inflation and rising incomes, and to close the gap between prices of various tobacco products. A simplified tax system would remove the incentive of switching down to cheaper products and encourage smokers to quit.

The World Health Organization has recognized that raising taxes on tobacco products is the most effective measure for reducing consumption and prevalence of tobacco products. However, affordability, or the price of tobacco products in relation to the income of tobacco users has a large influence on tobacco use. While increasing prices is known to encourage tobacco users to quit, rising incomes can more than offset price increases resulting in increases in tobacco use. The effectiveness of price increases as a deterrent to tobacco use depends on how much prices increase in relation to income of the potential users. The affordability of tobacco products is widely recognized as an index for benchmarking tobacco taxation in low- and middle- income countries (LMICs), especially in countries that are experiencing rapid economic growth.

The ITC study examined trends in affordability of tobacco products in Bangladesh, a country that has experienced rapid increases in income and whose World Bank classification has changed from low-income to lower-middle income country in 2015. The study used nationally representative self-reported data from a cohort of tobacco users and non-users aged 15 years and older from the International Tobacco Control (ITC) Bangladesh Survey, conducted in four waves between 2009 and 2015 to measure the affordability of tobacco products. The study measures affordability based on individual self-reported price and self-reported household income group and summarizes the affordability index over the population. Using the individual level measurement of affordability, the study examines both the level and shift in the distribution of affordability for multiple tobacco products (cigarette, bidi, and smokeless tobacco), particularly the cheaper tobacco products consumed by the low-income people, and analyzes the variation in affordability across population subgroups.

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The findings showing evidence of an increase in affordability of tobacco products and recommendations for tobacco tax reform are timely for the Government of Bangladesh as a new budget will be announced in the first week of June and implemented from 1 July 2016.

The ITC Bangladesh Report, ***“The trend in affordability of tobacco products in Bangladesh 2009-2015: Evidence from ITC Bangladesh Surveys”*** was led by Dr. Nigar Nargis, Principal Investigator of the ITC Bangladesh Project and Director of Economic and Health Policy Research at the American Cancer Society in collaboration with Michal Stoklosa and Jeffrey Drope of the American Cancer Society; Geoffrey T. Fong (ITC Project Founder and Principal Investigator), Anne C.K. Quah, and Pete Driezen of the University of Waterloo; Frank J. Chaloupka and Ce Shang of the University of Illinois at Chicago; and A.K.M. Ghulam Hussain at the University of Dhaka, Bangladesh.

Download the Report here <http://www.itcproject.org/>.

The International Tobacco Control Policy Evaluation Project (ITC Project; www.itcproject.org)

The evidence presented in the report is based on findings from the International Tobacco Control Policy Evaluation Project (ITC Project), the first-ever international cohort study to evaluate the psychosocial and behavioural effects of tobacco control policies and the only research project that focuses on measuring the impact of key policies of the WHO Framework Convention on Tobacco Control (FCTC), which has been ratified by 180 countries including Bangladesh. The ITC Project has conducted surveys of tobacco users and non-users in Bangladesh and 27 other countries beginning in 2002. Further information on the ITC Bangladesh Survey is available at <http://www.itcproject.org/countries/bangladesh>.

Media Contacts:

American Cancer Society
Nigar Nargis, PhD
Mobile: +1 571-585-9912
E-mail: nigar.nargis@cancer.org

University of Waterloo
Professor Geoffrey T. Fong
Mobile: +1 519-503-4820
Email: gfong@uwaterloo.ca
URL: www.itcproject.org