

Tobacco taxation, illegal cigarette supply, and geography: findings from the ITC Uruguay Surveys

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Abstract

Background: In Uruguay, real tobacco taxes increased significantly during 2005–2010 and 2014–2017 and decreased during 2010–2014. The effects of these tax changes on illegal and legal cigarette usage differed significantly when we compared cities in the middle and south of the country with cities on the border.

Objective: This paper analyses whether supply side factors such as geographical location, distribution networks and the effectiveness of tobacco control play a significant role in sales and use of illegal cigarettes when tobacco taxes change, particularly given the price gap between legal and lower-priced illegal cigarettes.

Methods: Using the International Tobacco Control Evaluation Project Uruguay Survey data (2008, 2010, 2012 and 2014), choices among illegal, legal and roll-your-own cigarettes are estimated as a function of smokers' geographical location, an indicator of illegal cigarette supply, and controlling for socioeconomic and demographic variables. Smoking behaviours in Montevideo, Durazno and Maldonado were compared with those in two border cities, Salto and Rivera, where illegal cigarette prevalence may differ.

Findings: An increase in taxes on manufactured legal and roll-your-own cigarettes increased the odds that smokers in cities near the borders and women switched down to illegal cigarettes. City geographical location, controls effectiveness and distribution networks may play a significant role in accessibility of illegal cigarettes. To improve the effectiveness of increased taxes and prices in reducing smoking, policy-makers may consider specific policies intended to reduce access to illegal cigarettes, such as ratification and effective implementation of the Protocol to Eliminate Illicit Trade in Tobacco Products of WHO.

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