PROACTT project title: A comprehensive approach to illicit cigarette trade policy in Colombia (2017-2018)

The research: Fundación Anáas generated a new estimate of the size of the illicit cigarette trade in Colombia following the tobacco tax increase that went into effect in January 2017. While the tax increase led to a significant cigarette price increase along with reductions in smoking and growth in government revenue, Anáas found a negligible increase in illicit trade, from 3.5% in 2016 to just 6.4% in 2017. This is notable considering that the government raised the excise tax on cigarettes by 100%. The beneficial impacts of the tax increase for reducing cigarette consumption and raising government revenue are highlighted in this 1:30 video clip.

The context: Prior to 2016, the tobacco industry was the government’s sole source for data on the size of the illicit cigarette trade in Colombia. The industry used its biased data to discourage the government from increasing the tobacco excise tax. The situation changed in 2016 when Fundación Anáas, with the technical and financial support of ACS, estimated that illicit cigarette consumption represented just 3.5% of cigarettes consumed in 5 urban cities: Bogotá, Medellín, Cali, Cartagena and Cúcuta. That estimate was much lower than industry estimates and the government took notice. Colombia’s subsequent tax system reform in 2016 raised the excise tax on tobacco by 100%, from 23 to 48 cents per 20 cigarette pack. This current PROACTT project conducted in 2017 presented Anáas with the rare opportunity to compare the level of illicit trade prior to and following the tobacco tax increase.

For more information:

Read this blogpost: “Telling the evidence-based truth about illicit trade in Colombia”

View this video clip featuring a presentation by Blanca Llorente of Fundación Anáas to the UN High Level Meeting of the General Assembly on Non-Communicable Diseases in July 2018

Read this case study from the Prevent20 Coalition: “Colombia’s La Liga successfully lobbies for higher tobacco taxes”

Read this published research paper on the 2016 study on the illicit cigarette trade in Colombia

Message for cancer organizations:

Taxing tobacco products is the most effective way to prevent tobacco-related cancers. However, tobacco industry arguments about illicit trade dissuades governments from taking policy action to increase tobacco taxes.

The Colombian experience demonstrates that governments can significantly raise the excise tax on cigarettes without experiencing increases in illicit trade. Moreover, raising the tax high enough will reduce cigarette consumption and raise government revenue. The public health community, including cancer organizations in the Prevent20 Coalition, can use this evidence to advocate for continued tobacco tax increases not only in Colombia, but also in other countries around the globe.