



ECUADOR TAKES AMRO LEAD IN TOBACCO TAXES

The new tax reform which entered into force in Ecuador since November 24, leaves our country in the AMRO's leading position in tobacco taxes, and in 19th place in the global ranking. Ecuador is strongly committed to public health and a better way of life for its population.

Raising taxes on tobacco is, by itself, the most effective measure to reduce tobacco use. Along with the other measures taken this year, which are expressed in the new National Comprehensive Law and local Smoke Free Ordinances already in place in 8 cities across the country, Ecuador is a very remarkable case of advance to comply with the FCTC.

By the initiative of the President of the Republic, and with continuous support from the civil society, Ecuador just enforced a specific tax of \$ 0.08 on each cigarette unit, applied to all brands and packaging; this translates in an average increase of 20% in the final price. This is a real milestone for the Region of the Americas and the world, which demonstrates the enormous importance that our Authorities give to the effective enforcement of human rights to life, health and a healthy environment.

With the collaboration of Dr. Roberto Iglesias, an international expert on tobacco taxes, we have calculated the new tax in force in relation to the most recent data available for the world and generated by the World Health Organization (2010) (http://www.who.int/tobacco/global_report/2011/appendix_vi/en/index.html).

According to that, you can find some comparison charts below.

It is remarkable that the new tax meets some of the most advanced recommendations in fiscal policy in this field: it is adjustable every six months according to the consumer price index, which maintains the value against the final price, and other prices in the economy. And it is specific, a fixed amount for all brands and packaging (8 cents per unit), which reduces the incentive for tobacco corporations to lower the prices of some brands, being effective to counteract the industry's strategy to incorporate new young consumers to the epidemic through low prices.

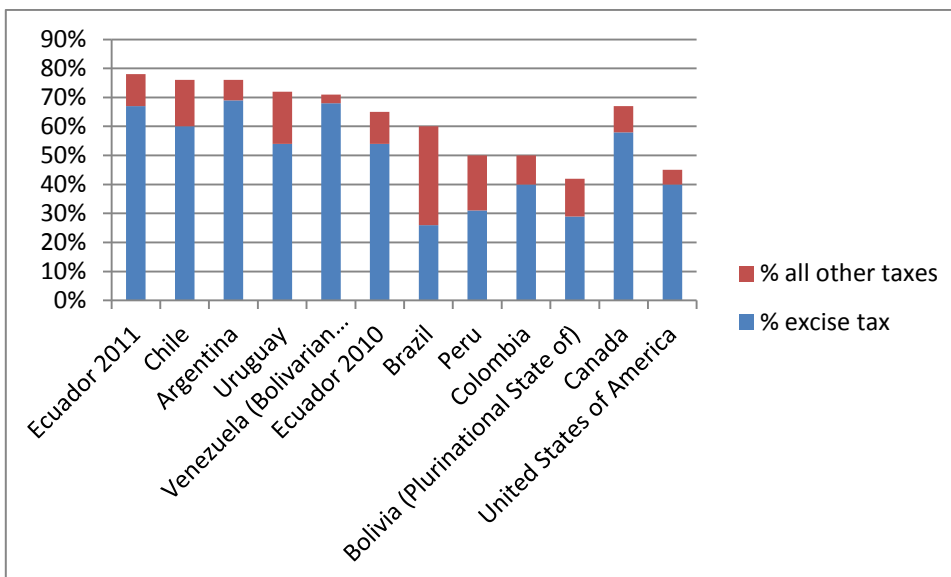
Now our country has to strengthen customs and police controls, and to reinforce law to prevent illicit traffic. It has to be careful about fake tracking systems currently promoted by the tobacco industry as a whole (Codentify) and reaffirm our sovereignty to implement an adequate and independent control.

The process for the proposal and discussion of this tax has demonstrated that Ecuador has some of the best tax experts in the region, so the Tax Office could support other Latin American countries who would want to advance in this field through South-South cooperation. As civil society, we are convinced that our Authorities, also, are able to push the negotiation of a unique tobacco tax for UNASUR (The Union of South American Nations) which would strengthen the control of illicit traffic and the tobacco tax collecting in each country, thus promoting sub-regional compliance with the FCTC and comprehensive protection of the citizenship.

For more information, please contact: rociovacab@fesar.org (FESAR-Anti Tobacco Alliance)

THE AMERICAS	% excise tax	% all other taxes	2010 total
Ecuador 2011	66.7%	10.71%	77.38%
Chile	60%	16%	76%
Argentina	69%	7%	76%
Uruguay	54%	18%	72%
Venezuela (Bolivarian Republic of)	68%	3%	71%
Ecuador 2010	54%	11%	64%
Brazil	26%	34%	60%
Peru	31%	19%	50%
Colombia	40%	10%	50%
Bolivia (Plurinational State of)	29%	13%	42%
Canada	58%	9%	67%
United States of America	40%	5%	45%

Source: WHO, 2010; Iglesias, R., Vaca B., R. 2011



Comparative tobacco taxes, South America, USA and Canada

Source: WHO, 2010; Iglesias, R., Vaca B., R. 2011

GLOBALLY	% excise tax	% all other taxes	2010 total	
Bulgaria	72%	17%	89%	1
Poland	68%	18%	86%	2
Greece	67%	19%	86%	3
Slovakia	67%	16%	83%	4
Romania	64%	19%	83%	5
Estonia	66%	17%	83%	6
Israel	68%	14%	82%	7
Latvia	64%	17%	81%	8
France	64%	16%	80%	9
Portugal	62%	17%	79%	10
Hungary	59%	20%	79%	11
Finland	60%	19%	79%	12
Czech Republic	62%	17%	79%	13
Ireland	61%	17%	79%	14
Turkey	63%	15%	78%	15
Spain ¹	63%	15%	78%	16
Cook Islands	0%	78%	78%	17
West Bank and Gaza Strip ²	65%	13%	78%	18
ECUADOR 2011	66,70%	10,71%	77,38%	19
Lithuania	60%	17%	77%	
United Kingdom	62%	15%	77%	
Chile	60%	16%	76%	

Source: WHO, 2010; Iglesias, R., Vaca B., R. 2011