

**Interagency Committee on Smoking and Health**  
**April 13, 2005**  
**“Addressing the Global Tobacco Epidemic”**  
**Overview of Global Tobacco Use and Prevention — Presentation Notes**

**Economics of Global Tobacco Control**

**Kenneth Warner, PhD, Director, University of Michigan Tobacco Research Network, Ann Arbor, Michigan**

Dr. Warner began his talk by saying the success of the meeting would be related to how well the recommendations offered by presenters and the ICSH Committee members are implemented.

Dr. Warner addressed five key issues in his talk:

- Role of tobacco in the global economy;
- Role of tobacco individual countries;
- Global “net value” of tobacco;
- Methods of reducing tobacco consumption
  - Supply restrictions
  - Demand restrictions; and
- Projected toll of tobacco, with and without additional tobacco control efforts.

In most countries, tobacco manufacturing constitutes less than 1% of total manufacturing employment, and Dr. Warner emphasized the distinction between the economic *presence* of tobacco from a *dependence* on it. Furthermore, if tobacco use decreases, and money is not spent on tobacco, it will be spent elsewhere in the economy. While China is by far the leading tobacco leaf-producing country, Brazil is the leader in exporting tobacco leaf. China and the United States together represent the vast majority of the manufacturing of cigarettes, and the United States is the leader in exportation of cigarettes.

Most countries are full importers of tobacco, and therefore if consumption declines, reductions in tobacco spending will actually aid the economy since the money will be spent elsewhere within the country. Zimbabwe and Malawi are two exceptions to this, as these two poor countries are very dependent on tobacco leaf exports. Tobacco, therefore, is a net drain on the world economy because of the health and lost productivity costs associated with its use. The job losses in farming that that tobacco industry has threatened to occur are not a true threat to the global economy.

Dr. Warner talked about the two major methods of reducing tobacco consumption: supply restrictions and demand restrictions. Of the six major approaches to supply restrictions, only combating smuggling appears to be effective. Evidence has shown that prohibitions on the production and sale of tobacco products, restrictions on sales to youth, crop subsidization and diversification, price supports and restrictions on international trade, all appear to be ineffective. In terms of demand restrictions, cigarette taxation is the most effective approach, with every 10% increase in the price of tobacco products leading to a 4% decrease in consumption in developed countries and 8% decrease in developing countries. In fact, according to WHO data, a sustained 10% increase in the price of cigarettes throughout the world would lead to 40 million smokers quitting and 10 million premature deaths avoided (9 million of which are in developing countries). An additional benefit of tobacco tax increases is that they lead to revenue increases that are often large.

Additional demand restrictions include consumer information, bans and restrictions on advertising tobacco products, and restrictions on smoking in public places and workplaces. In terms of consumer information including school health education and antismoking media campaigns, the evidence indicates that in developed countries school health education is not effective the way it is currently implemented. Antismoking media campaigns can be effective, however, if they are large, professionally designed and sustained over time. Restrictions on advertising and promotion of cigarette products has very limited effectiveness as the tobacco industry continues to work around the restrictions by substituting alternative venues for their advertisements. Finally, restrictions on smoking in public places and workplaces are clearly effective and are associated with decreases in tobacco use.

Dr. Warner concluded his remarks with estimates of the number of deaths that would occur from tobacco-related causes without additional tobacco control efforts — 450 million between 2000–2050 — and with a large decrease in initiation and adult consumption, 210 million premature deaths would be avoided. In summary, well-designed tobacco control efforts are effective, cost-effective, possibly cost saving and definitely the right thing to do for the public's health.

Following Dr. Warner's presentation, Dana Shelton thanked the morning speakers and asked the Committee for questions before the lunch break.

Following the question and answer period, Dr. Richard Carmona thanked the presenters and Committee members for their involvement, and added that he was dismayed that the tobacco epidemic continues to rage despite the fact that the first Surgeon General's report illustrating the harm caused by tobacco was published so many years before.

Following the lunch break, Ms. Shelton introduced one of the moderators for the afternoon session.