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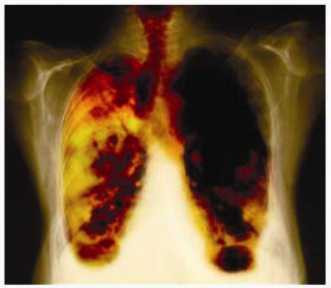
TOBACCO USE INCREASES POVERTY AND INEQUALITY IN VIETNAM

Issues

Vietnam ranks among the countries with the highest prevalence of smoking, and the poor smoke more and quit less than do those with higher incomes.

Both cigarette production and consumption in Vietnam have risen sharply over recent decades.[1] The combination of a decrease in real cigarette prices and income increases has made tobacco more affordable in Vietnam, and this, together with the tobacco industry's excellent marketing strategies, particularly among the poor and youth, has kept smoking prevalence at a very high level.[1] Smoking prevalence and the risk of becoming regular smokers are higher among the poor than among the economically better-off groups; both rates are also higher among people with lower levels of education and among people living in rural areas.[1,4] These same groups of people are less likely to quit smoking.[2]

Tobacco use causes serious diseases and huge loss of human each year in Vietnam. The poor suffer more from tobacco-related diseases than do the non poor.



Tobacco use causes many serious diseases such as cancers, cardiovascular diseases, and chronic pulmonary diseases. The World Health Organization estimates that the burden of these chronic diseases has increased in Vietnam and now exceeds the burden caused by infectious diseases. Poor people are more vulnerable to chronic diseases; they are also more exposed to some of the risk factors of chronic diseases such as tobacco and alcohol use than are the non-poor.[3]

Tobacco use is one of the major preventable causes of disease and premature death. In 2004, 35,000 deaths in Vietnam attributed exclusively to smoking.[4] This is more than the accumulated number of deaths due to HIV since the first case was detected in Vietnam in 1991 and three times higher than the number of deaths due to road accidents annually. If no stronger tobacco control action is taken, by 2033 at least 67,000 Vietnamese will die annually due to smoking.[4] Another recent study has estimated that smoking caused between 66,000-76,000 deaths in 2006, accounting for between 9.7% and 11.1% of total deaths and 6.8%-7.7% of DALYs in Vietnam that year.[5]

At the national level, tobacco wastes scarce financial resources and widens social inequality.

In 1998, Vietnamese smokers burned away almost 6,000 billion VND on tobacco, which could have been used to buy 1.6 million tons of rice that would feed 10.6 million people for one year. If the money spent on tobacco was used instead to buy the food, 11.2% of food poor people would have been able to emerge from food poverty.[6]

There is evidence that tobacco use widens social inequality. The prevalence of tobacco use is higher among the poor, and the poor spent a larger portion of their household expenditures on tobacco. When tobacco expenditures are separated tobacco from total household expenditures, the Gini coefficient would be increased in both rural and urban areas.[6] Since Gini is calculated based on total household expenditure, when expenditure on tobacco is included in overall expenditures, it appears that poor households have higher levels of expenditure. This makes the difference in total expenditure between the rich and the poor appear smaller and the Gini coefficient lower. However, when tobacco expenditure is excluded from the total expenditure, the difference in expenditures on basic needs between the rich and the poor becomes larger and the GINI is increased. Thus, expenditure on tobacco creates a false impression of less inequality.

At the household level, tobacco diverts scarce resources from basic needs.

Tobacco spending contributes to poverty in two ways: tobacco expenditure is welfare-reducing, and at the same time it reduces welfare-enhancing expenditures for education, health, and nutrition.

There is evidence that households without smokers spend more on education per child than do households with at least one smoker. Smoking households classified as very poor spent 2.3 times more on tobacco than they did on education per pupil.[7]

In 1998, the average poor smoker household spent between one fifth and one quarter of its total expenditures on cigarettes. The poorest households spent 2.2 times more on cigarettes than on education and 1.6 times more than on health care.[8]

Low income households' tobacco spending is equal to one-and-a-half times their educational spending and is equivalent to their health care spending. Rural households have a higher ratio of tobacco spending to education spending than do urban households (the respective figures are 71% and 42%). The ratio of tobacco spending to health care spending, tobacco spending to food spending, and tobacco spending to total expenditure of rural households is also higher than that of urban households.[9]

Tobacco use increases both health-care costs and productivity losses. This creates an additional burden on government and household budgets.

In 2005, the cost of inpatient health care for the treatment of just three tobacco-related diseases (lung cancer, COPD, and ischemic heart diseases) reached at least 1.161 billion Vietnamese dong ($VN) (or $US77.5 million). This represents about 0.22% of Vietnam gross domestic product (GDP) and 4.3% of total healthcare expenditure. The government directly finances about 51% of these costs. The rest is financed either by households (34%) or by the insurance sector (15%).[10]

There is no evidence that tobacco growing bring much benefit to the planters.

Tobacco cultivation employed about 72,000 fulltime equivalent (FTE) workers in 2006, or about 0.2% of the workforce (0.4% of agricultural workers). Tobacco leaves are cultivated in 27 of 64 provinces throughout Vietnam. As of 2006, cigarette production employed around 18,000 workers, or 0.05% of Vietnam's workforce - a proportion that appears stable over time.[1]

Comparing the income level of tobacco growers and non growers, a recent study found that when the labour opportunity cost is considered, the net benefit to tobacco growers is minimal at best and sometimes negative. Some farmers fall into debt. About half of the surveyed growers are not satisfied with their involvement in tobacco production. Most of the growers use wood for curing tobacco, which contributes to deforestation and environmental erosion. Tobacco growing is labour intensive work, with a large proportion of the burden falling on women. Children are regularly exploited as unpaid workers. Tobacco growers have significantly more illness than do non tobacco growers.[11]

Tobacco production contributes to deforestation.

Vietnam ranks among the countries with "heavy to medium level of deforestation due to tobacco".[12] It has been estimated that in Vietnam, 1.4% of the forest area has been destroyed due to tobacco cultivation. In a survey conducted among tobacco growers, 75% of surveyed households reported that they use wood to cure tobacco leaves.[12]

Recommendations:

Taxation and the enforcement of strong tobacco control policies would reduce tobacco consumption and the related health and economic burdens on society and households.

- There is extensive evidence that tax increases and the enforcement of other strong tobacco control policies such as comprehensive smoking bans at work and indoor public places, comprehensive bans on advertising and promotion, intensive mass media campaigns, strong health warnings, and an effective ban on youth access to tobacco would both have a significant impact on cigarette consumption and generate additional revenue for the government. Among these measures, the potential impact of tax increases is the most prominent. If in 2003 the government had increased tobacco tax by 100% and implemented and maintained all the above-noted tobacco control policies , for the period of 30 years (from 2003-2033) the government could have saved between 231,500 and 325,000 lives.[4]
- In terms of the impact of price increases, if tobacco prices were increased by 10% and assuming a price elasticity of 25%, by 2050 the number of smokers could be expected to decrease by 152,000. If the prices were increased by 50% and assuming a price elasticity of 75%, the number of smokers would decrease by 2,200,000. The number of lives saved would be between 51,300 and 744, 300, accordingly, and the additional tax revenue would range from 2,152 billion to 2,956 billion VND (or 134.5 million to 185.4 million USD), respectively.[1]
- There is no evidence that tobacco tax increases would negatively impact employment.