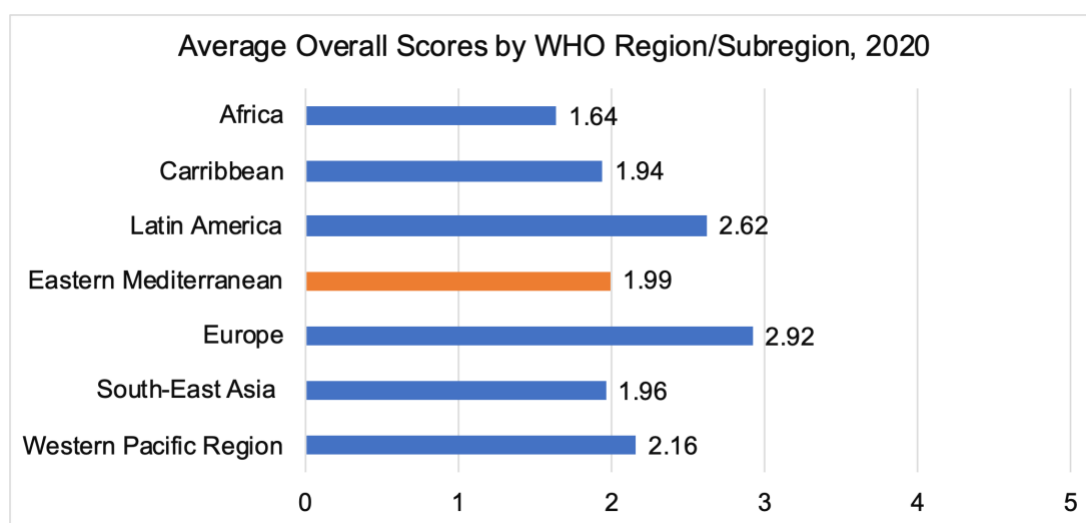


Cigarette Tax Scorecard: Spotlight on the Eastern Mediterranean Region



Key Messages

- In the second edition Tobacconomics Cigarette Tax Scorecard, the average overall in the Eastern Mediterranean region is 1.99 out of 5 points. This is lower than several regions and the global average, demonstrating significant room for improvement in the region's cigarette tax policies.
- Out of the four components used to calculate the overall score in the Scorecard, Eastern Mediterranean countries performed best on tax share. Still, the region scored less than half of the possible points in this component, with an average score of 2.19 points out of 5.
- The region would benefit enormously from improving the excise tax structure on cigarettes—the average score in that component is only 1.57 points out of 5. In the Eastern Mediterranean, no countries use the optimal uniform specific excise tax with regular adjustments for inflation or income growth.
- Out of the Eastern Mediterranean countries, Bahrain and Qatar are the highest performers, with overall scores of 3.88.

Introduction

The Tobacconomics Cigarette Tax Scorecard evaluates countries' cigarette tax systems based on a five-point rating system that incorporates international guidance and best practices in tobacco taxation. The five-point index uses data from the World Health Organization to score countries on the following four components: cigarette price, changes in the affordability of cigarettes over time, the share of taxes in retail

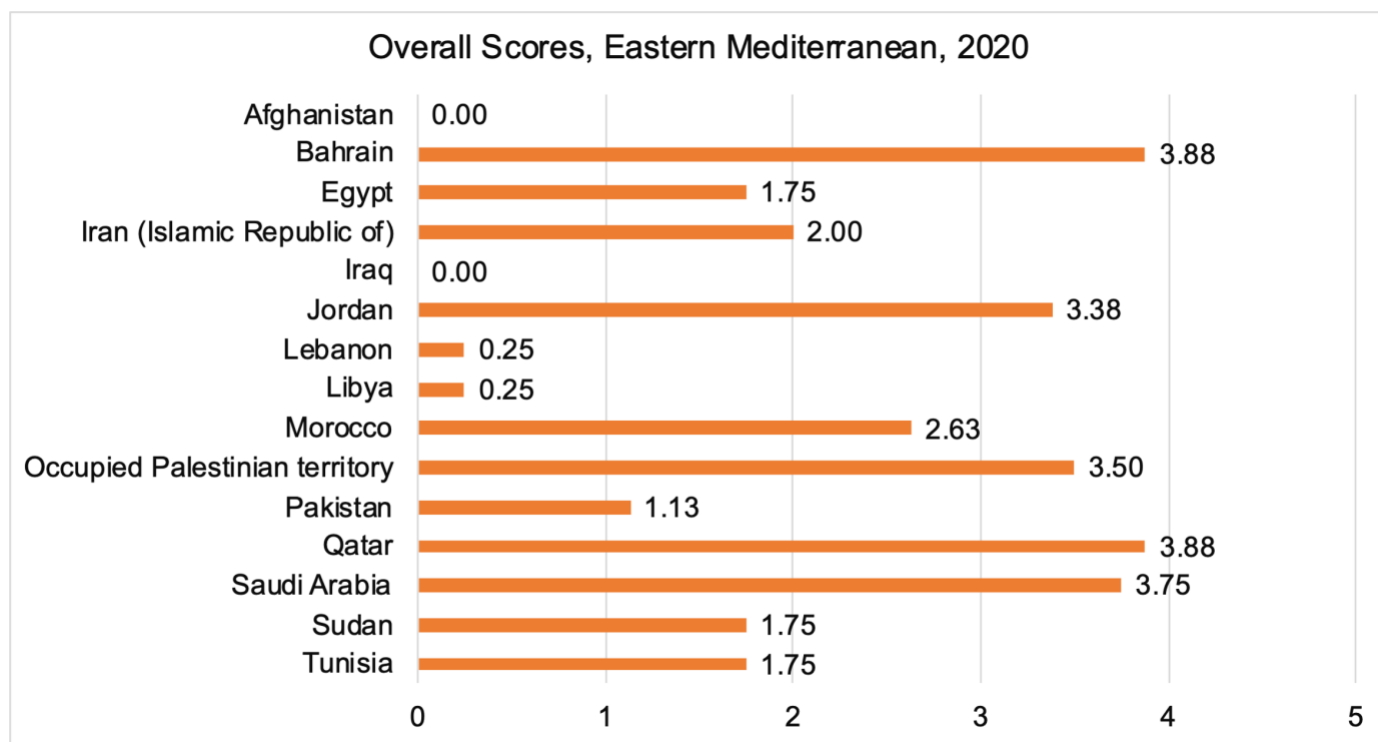
cigarette prices, and the cigarette tax structure. The total score reflects an average of the four component scores.

The Eastern Mediterranean region on average scored under half of the potential points in 2020. Improving cigarette tax policies would decrease smoking prevalence, while raising additional tax revenues for governments.

Regional Findings

There is significant variation in the overall scores across the Eastern Mediterranean. The highest score in the region, 3.88 points out of 5, is awarded to both Bahrain and Qatar. Many of the

countries in the region, however, are not performing well and score only 1 point or less. There is substantial room for improvement in tobacco taxation policies throughout the region.



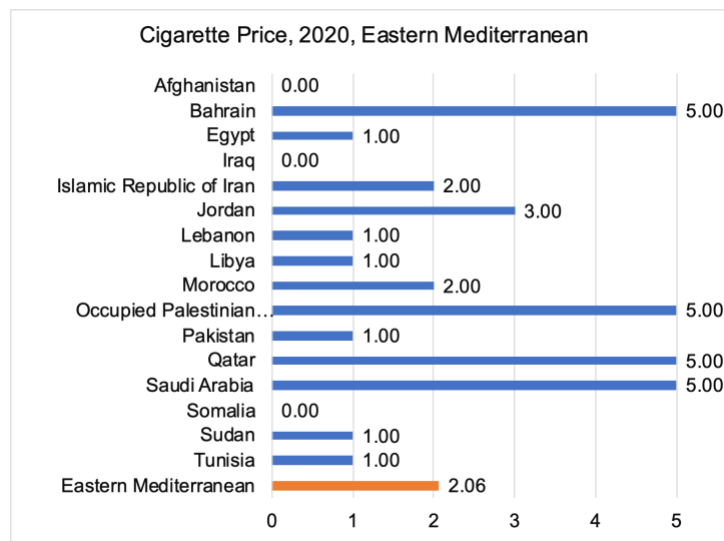
Note: There are insufficient data for Djibouti, Kuwait, Oman, Somalia, Syrian Arab Republic, United Arab Emirates, and Yemen.

Key Component Findings

Cigarette Price

Price is a key determinant of cigarette use—as the price increases, demand decreases.

In 2020, the average score in the Eastern Mediterranean region for this component is 2.06 points out of 5. Four countries in the region: Bahrain, Qatar, Saudi Arabia, and Occupied Palestinian Territory receive the maximum 5 points for their high cigarette prices. Only five countries out of the 16 in the region with available data score more than half of the points. Cigarette prices are especially low in Afghanistan, Iraq, and Somalia, who received 0 points out of 5.

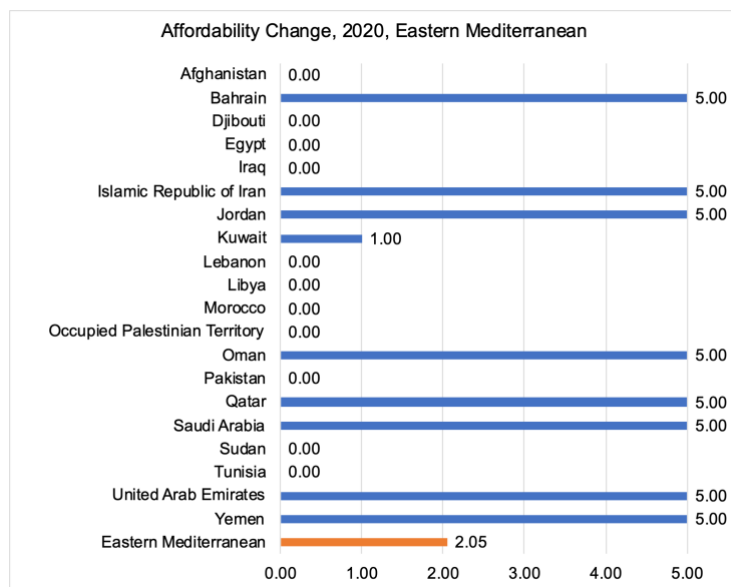


Note: There are insufficient data for Djibouti, Kuwait, Oman, Syrian Arab Republic, United Arab Emirates, and Yemen.

Change in Cigarette Affordability

To reduce demand, cigarettes must become less affordable. As cigarettes become less affordable, consumers buy fewer, and many will stop buying them altogether. As part of this effort, at a minimum, cigarette prices must outpace inflation and income growth.

The average score for 2020 in the Eastern Mediterranean is 2.05 points out of 5. Bahrain, Islamic Republic of Iran, Jordan, Oman, Qatar, Saudi Arabia, the United Arab Emirates, and Yemen receive 5 points, meaning affordability was significantly reduced between 2018 and 2020. In contrast, 11 countries did not earn any points. There is opportunity for these countries to follow the lead of other countries in the region.

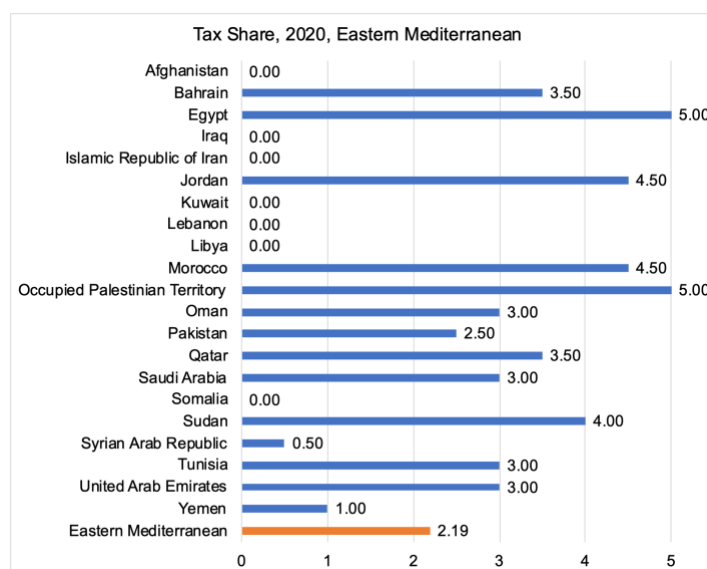


Note: There are insufficient data for Syrian Arab Republic and Somalia.

Tax Share

High tax share of price is generally a good indicator of cigarette tax effectiveness and is essential to raise government tax revenues from cigarettes.

The average for this component of the score in the Eastern Mediterranean is 2.19 points out of 5. Egypt and Occupied Palestinian Territory lead the region in this component, receiving all 5 points. On the other hand, seven countries did not receive any points, indicating that the tax share of price is generally very low. Many governments could be reaping significantly more benefit from cigarette taxes by increasing their share of price.

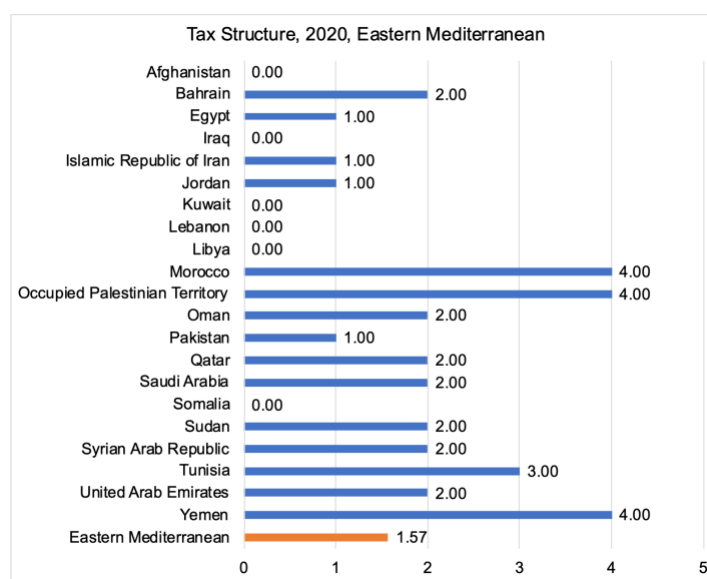


Note: There are insufficient data for Djibouti.

Tax Structure

Tax structures vary in their effectiveness when it comes to reducing tobacco use and collecting tax revenue. Uniform specific excise tax systems are generally the most effective and easiest to administer.

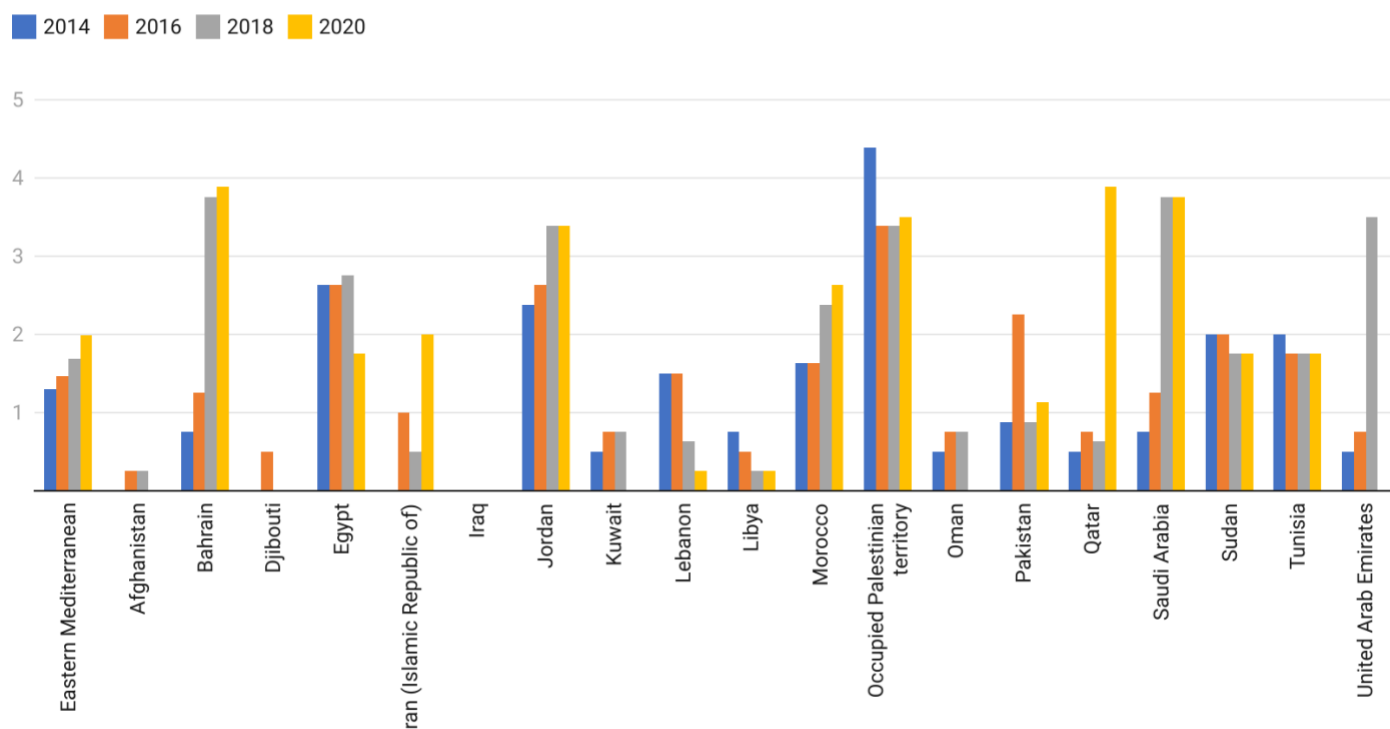
This component requires the most improvement in the region, as the average score for 2020 is only 1.57 points. Morocco, Occupied Palestinian Territory, and Yemen perform the best in the region, with 4 points. Only four countries out of the 21 that have data available in the region receive more than half of the points and six receive 0 points.



Note: There are insufficient data for Djibouti.

Scores Over Time

Overall Scores, 2014–2018, Eastern Mediterranean



Between 2014 and 2020, the average overall score in the Eastern Mediterranean improved from 1.20 to 1.99 points. Qatar and Bahrain saw the most improvement in that time, with scores increasing from 0.50 to 3.88 and 0.75 to 3.88, respectively. Lebanon saw the largest decrease in the region, from 1.5 points to 0.25 points out of 5. Egypt's overall scores rose between 2014 and 2018 before decreasing in 2020. In 2016, the countries of the Gulf Cooperation Council took an impactful step in the right direction by agreeing to implement a 100% uniform ad valorem tax where there was previously no tax, and most countries have done so. However,

these governments should strongly consider switching to an indexed specific excise tax (or hybrid) and raising rates higher to reap more public health and revenue benefits moving forward. In contrast, nine countries in the region experienced an overall score decrease between 2014 and 2020.

Significant improvements in cigarette tax policies are needed across the Eastern Mediterranean. Not only will these improve population health, but governments in the region will reap significant fiscal benefits as well.