

May 16, 2018

Dear Co-Chairs:

**RE: Web-based Consultation on the Draft Report of the WHO Independent High-level Commission on NCDs**

We are a research group at the Health Policy Center, Institute for Health Research and Policy at the University of Illinois at Chicago. Our group examines the influences of policies, programs, and other environmental factors on a variety of health behaviors, focusing particularly on the economics of tobacco, alcohol and nutrition, and our experts have published widely in this area for over three decades. Our research and policy work is global and active in multiple countries on all continents, bringing together a range of skills and expertise.

We have read the draft report of the WHO Independent High-level Commission on NCDs with interest and support the strong recommendations that the Commission has made in terms of tobacco and alcohol taxes. However, we would like the Commissioners to take note of our comments in this regard to further strengthen the recommendations.

There is an overwhelming body of evidence demonstrating that increases in tobacco taxes, which increase the price of tobacco products, reduce tobacco use by encouraging current users to quit and continuing users to use less, and deter initiation among youth. Furthermore, vulnerable populations, including the poor and young are more responsive to tax/price increases. However, raising taxes through small and gradual increases may not be sufficient to reduce tobacco use. In many low- and middle-income countries, rapidly growing incomes may result in tobacco products becoming more affordable despite increases in taxes and prices. **Therefore, we encourage the Commission to focus the attention of countries on raising taxes in such a way that tobacco products become less affordable over time.** This will ensure that increases in taxes result in the maximum health benefit for the population.

Furthermore, we encourage the Commission to guide Member States to design tax structures in a smart and effective manner. **Evidence consistently demonstrates that uniform specific taxes result in the best outcomes for public health.** Many countries, however, particularly those with high-burdens of tobacco use, still maintain ad valorem or tiered systems that undermine the policy objectives.

While the use of tobacco taxes as a public health tool has increased substantially in recent years, the use of taxes on alcohol for public health has not enjoyed the same degree of interest and action. Although tobacco products have become progressively less affordable in many countries, the opposite is true for alcohol. To some extent, alcohol is the elephant in the room, and one that is being, for the most part, ignored. We are encouraged that the Commission chose to highlight that the harmful use of alcohol is a significant contributing factor to NCDs and commend the Commission for recommending “increased prices and taxes of ... alcohol” in Recommendation 3(a)(2). However, we reiterate that increases in taxes may not have the desired outcome unless both affordability and tax structures are addressed. Again, **we recommend that the Commission encourage Member States to ensure that tax policy is designed to**

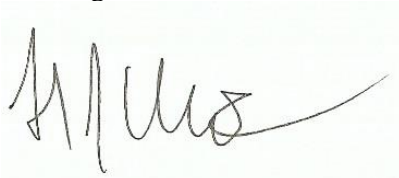
**ensure that alcohol becomes less affordable over time and that countries implement tax systems that favor uniform specific taxes and systems that favor taxing the dose of alcohol.**

We also noted with interest that the Commission regards reducing unhealthy diets as a critical avenue to reducing the burden of NCDs. The Commission on Ending Childhood Obesity recommended that Member States should “implement an effective tax on sugar-sweetened beverages” as a means to reduce the intake of sugar-sweetened beverages. Since the Commission on Ending Childhood Obesity published its recommendations in 2016 the evidence has continued to build that taxation is an effective tool and the most recent results are showing dramatic changes in the composition of sales between sugar- versus non-sugar-sweetened beverages. One of the fundamental reasons for such strong results is that the responsiveness of consumers to changes in prices of sugar-sweetened beverages is significantly larger than for tobacco or alcohol because of the large range of substitutes available. Thus, **even relatively modest taxes can have significant effects**. In addition to taking this evidence into consideration, **we also recommend that these taxes be implemented early in the supply chain**. Moreover, **taxes that focus on sugar content, including through sugar-based tiers, encourage producers to reformulate products** and these taxes have already produced dramatic results in the United Kingdom and South Africa. While this policy area is in its infancy, early country experiences have been encouraging, opening up avenues to use fiscal measures on other aspects of nutrition to discourage consumption of other unhealthy foods, while using the revenues to make healthier food options more affordable.

Finally, we note that the Commission made several recommendations on funding of efforts to curb NCDs. It is important to note that **taxes on tobacco, alcohol, and sugar-sweetened beverages can raise substantial domestic resources for NCD-related health financing**. Countries are able to earmark revenues from these taxes for this purpose, however, many countries are reluctant to do this due to resistance from the finance sector. This resistance is based on genuine concerns related to budget rigidity; the lack of merit-based allocation process; and governance challenges. However, **earmarking of revenues can improve the distributive effects of taxes and benefit users directly**. An important recent example comes from the Philippines where increases in tobacco and alcohol taxes were earmarked to extend universal health coverage for the poor and to assist tobacco farmers transition to other sustainable livelihoods.

We appreciate this opportunity to contribute to your report and are available for any questions you may have. We would also like to extend our best wishes to your Commission’s work.

Best regards,

A handwritten signature in black ink, appearing to read 'F. Chaloupka', is written over a light blue rectangular background.

Frank J. Chaloupka  
Research Professor, University of Illinois at Chicago  
Director, UIC Health Policy Center