

Asia-11 report: More Myth than Fact

The critique exposes the gap, selective use of data, inconsistencies and overestimation found in the Asia-11 report

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The Asia-11 Illicit Tobacco Indicator 2012, a report on illicit tobacco trade by the International Tax and Investment Center (ITIC) and Oxford Economics (OE) was released in September 2013. This report, while claiming to be done by independent researchers, was actually funded by Philip Morris International and prepared according to agreed terms of reference provided by Philip Morris Asia Ltd. The main conclusions of the report echo the assertions of tobacco companies.

This critique provides an expert review of the methodology of the Asia-11 report (which relies on litter surveys), questioning its reliability and accuracy of the estimates of illicit consumption, which are highly debatable as there is no detailed discussion on research method, sampling design, and data sources in order to allow for validation by independent researchers.

The critique exposes the gaps, selective use of data, inconsistencies, and overestimation found in the report on Australia, Brunei Darussalam, Indonesia, Hong Kong, Malaysia, Philippines, Thailand and Vietnam.

- **Main result 1:** the ITIC/OE Asia-11 report is not an independent study, uses flawed methodology, and results in skewed findings supportive of the tobacco industry's positions on taxation;
- **Main result 2:** gaps, selective use of data, inconsistencies, and overestimation are found in the ITIC/OE Asia-11 report.



It must be realized that substantial improvement in arresting illicit trade of tobacco can be achieved as a consequence of operative actions by the authorities, such as contained in the Illicit Trade Protocol (ITP), and not by keeping tobacco excise taxes low as recommended by the tobacco industry. Governments should continuously implement effective and novel strategies to combat illicit tobacco trade by stepping up enforcement measures. As Governments had actively participated in the drafting of the WHO FCTC - ITP, they should ratify this new legal tool as soon as possible. Relevant laws and regulations should be enacted consistent with the articles and guidelines in this Protocol.

Facts/Policy lessons

- Substantial improvement in arresting illicit trade of tobacco can be achieved as a consequence of operative actions by the authorities and not by keeping tobacco excise taxes low as recommended by the tobacco industry.
- Governments should continuously implement effective and novel strategies to combat illicit tobacco trade by stepping up enforcement measures.
- Governments had actively participated in the drafting of the ITP, they should ratify Protocol on Illicit Trade of Tobacco Products as soon as possible. Relevant laws and regulations should be enacted consistent with the articles and guidelines in this Protocol.
- Implement FCTC Article 5.3 Guidelines and reject any partnership with the tobacco industry and its representatives in tackling the illicit tobacco trade problem;

The proposal to implement gradual tobacco tax increase (instead of huge hikes) made by the Asia-11 Report is exactly the same as the decades-old annual calls made by the tobacco industry in every country. There is absolutely nothing new that can be drawn from the study, and governments should continue to raise tobacco taxes in order to reach their public health and fiscal objectives.

Hana Ross. Failed: A Critique of the ITIC/OE Asia-14 Illicit Tobacco Indicator 2013. SEATCA. May 20, 2015. DOI: 10.13140/RG.2.1.4987.1521

http://seatca.org/dmdocuments/Asia%2014%20Critique_Final_20May2015.pdf

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