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POLICY BRIEF

Opportunities to maximize the effectiveness of food and tobacco tax to help address Samoa's NCD crisis

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Government of Japan



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Samoa is one of the first countries in the Pacific to introduce taxation measures to address Noncommunicable Diseases (NCDs). The predicted probability of dying from NCDs between the ages of 30 and 70 years is more than double in Samoa compared to high-income nations in the Pacific region. Over several years, the Government of Samoa has imposed excise taxes on several products including cigarettes, alcohol, and sugar sweetened beverages (SSBs).

There are plans to expand excise taxes to unhealthy products in 2023.¹ This includes raising excise taxes on tobacco and SSBs and introducing import duty and/or excise taxes on imported high fat cuts of lamb, syrups, confectionery, biscuits, ice cream, and french fries. Simultaneously, there are plans to reduce and/or waive import duty on selected vegetables, fresh chicken, and bottled water. Therefore, in 2020, a nationally representative survey was conducted to generate baseline data to inform future tax measures.

Findings highlight the likelihood that substitution of higher price items with lower cost but equally unhealthy products, create the risk of diluting the effect of the proposed taxes on consumption. The survey data suggest the frequent consumption of a number of comparator products such as snack foods and meat products is particularly high. Evidence from other settings, for example, Tonga suggests that rather than reducing consumption, consumers may substitute more expensive taxed products with cheaper untaxed options.

Alongside cost, lack of availability, lack of knowledge about preparation, and taste preferences are further barriers toward healthier eating habits. Many participants expressed motivation to be healthy and confidence that they could change their eating behavior, yet the strong food culture in Samoa, which favors high fat, imported foods as a symbol of wealth and status, remain barriers.

Reported declines in smoking among survey respondents, in response to rising costs of tobacco, indicate the success of taxation interventions, particularly as high tax translates to higher prices. Responses to hypothetical cigarette price increases suggest that further increases in taxes on tobacco will continue to result in the decline of cigarette smoking.

Although relatively few survey respondents reported frequently consuming alcohol, an increasing degree of binge drinking has been reported. A little less than half of survey respondents reported plans to decrease their drinking in the next year, with health reasons and cost as the most commonly cited reasons for the planned change.

The authors of the policy brief are Jutta Krahn, Sutayut Osornprasop, and Nicola Hawley.

¹ The planned tax increase has been delayed from 2021. While the plan was approved by the cabinet and about to be implemented, it was delayed at short notice due to the national election. It was further delayed by the subsequent change in the government. According to the Ministry for Customs and Revenues, the new government is considering implementation in early 2023.



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Recommendations from the report are summarized as follows:

1 Food tax

Unified food tax measures should be applied to imported and locally produced foods to offset the likely substitution of unhealthy imported foods with locally produced foods. Taxes on food should be guided by nutritional information. The Samoa Nutrient Profile Model could be used to guide food tax measures.

2 Tobacco tax

Annual increases to tobacco tax should continue. It is suggested that tax increases greater than the current 5 percent per year be considered.

3 Alcohol tax

Fiscal policy options should be reviewed to address alcohol consumption. There are no current plans to increase tax on alcohol products but this may be an important measure to reduce alcohol-related harm as well as obesity risk.

4 A coordinated multisectoral approach should complement planned tax measures

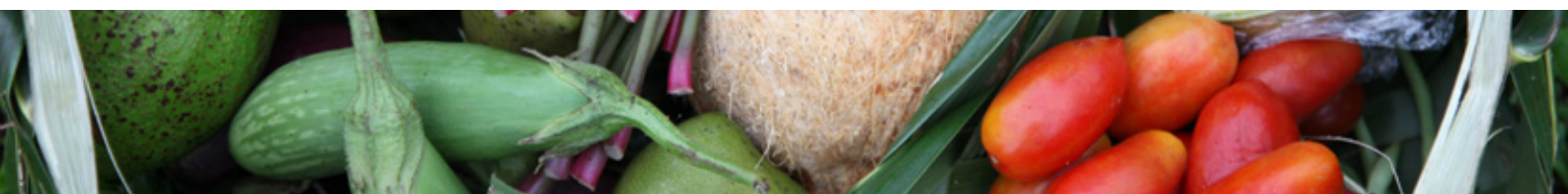
New tax policies from the Ministry of Finance should be supported by multisectoral interventions by other government agencies, for example the Ministry of Health or the Ministry of Agriculture and Fisheries. Also, the revenues raised through tax increase should be better disclosed and considered to be used for specific health promotion activities to strengthen public support.

5 Comprehensive monitoring and evaluation should be implemented to examine the effect of tax policies on consumer behaviors

To date no formal monitoring and evaluation activities have been undertaken to tax effectiveness.

6 Evaluation efforts should consider impacts of the proposed taxes on households with lower socioeconomic status

In particular, goals to improve dietary intake of the population should be balanced with protection of these households, in view of the new poverty dynamics as a result of the COVID-19 pandemic.



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