



## **CAPHRA Position Paper on Risk-Proportionate Taxation of Safer Nicotine Products**

Taxation has traditionally been used by tobacco control groups to reduce tobacco consumption – both by making products more expensive and less appealing, and by generating government revenue. However, critics argue that taxation can worsen economic inequality among smokers and fuel illicit markets.

CAPHRA believes there needs to be greater clarity around the taxation of safer nicotine products in the Asia Pacific region. Policies successful in the West do not easily translate to the Asia Pacific, which has the world's highest rates of death and suffering from combustible and unsafe oral tobacco use. Adopting policies suggested by first world policy makers is insufficient, as they have no conception of the differing realities in LMIC countries (low and middle income countries) where usurious tax rates fuel black markets and corruption.

Currently, there is no standardized approach to taxation across the region. In some countries, safer nicotine products are taxed at the same high rates as combustible tobacco, limiting their accessibility. In others, excessively high taxes on safer products make them unaffordable for those who need them most.

This situation suggests that some governments may prioritize revenue over public health – whether to recover pandemic-related losses or to protect their tobacco industries. In many Asia Pacific countries, including China, India, Thailand, and Bangladesh, tobacco production is a major part of the economy. Among these, only Indonesia, the Philippines, and Pakistan have not fully banned safer nicotine products, although Malaysia has imposed regional bans.

International pressure, particularly from the WHO FCTC and certain NGOs, also pushes these governments to tax safer nicotine products heavily. These groups wrongly suggest that safer nicotine advocates are aligned with tobacco companies, aiming to attract a new generation to nicotine use.

This environment leaves Tobacco Harm Reduction (THR) efforts without proper regulatory or taxation frameworks. However, countries like Japan, the Philippines, and New Zealand, which have regulated safer nicotine products proportionately, have seen sharp declines in combustible tobacco use.

The Philippines serves as a case study. Despite enacting the Vape Law (Republic Act No. 11900) in 2022 to regulate vape products and support public health, the Department of Health (DOH) recently criticized adult vape use. This stance contradicts the law's goals, as stated in its Declaration of Policy, which include protecting consumers from unregulated products and using vape excise taxes to fund the country's Universal Health Care (UHC) program.



By promoting misinformation and demonizing THR, the DOH not only spreads fear and confusion, it also risks undermining critical public health funding. Excessively taxing vape products further penalizes adult consumers seeking safer alternatives. Public health policy should empower informed choices, not restrict them through fear and financial barriers.

External pressure for high taxation, particularly aimed at preventing youth uptake, fails to consider Asia Pacific's unique cultural context, where respect and care for elders are deeply rooted. Local authorities' willingness to adopt one-size-fits-all policies shows a blatant disregard for the region's realities and the needs of its people.

As future public health crises loom, prioritizing revenue over the health and well-being of populations is dangerous. Continuing to heavily tax safer products while leaving deadly ones widely available exposes the hypocrisy of current policies and fuels public distrust. It is crucial for governments to align their policies with science, evidence, and the fundamental rights of individuals to make informed health decisions.

Faced with a choice between an outright ban on safer nicotine products or risk-proportionate taxation that ensures adult access, CAPHRA and its partner organizations firmly support the latter.

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