

TOBACCO TAXES - CASE STUDY ON MEXICO

In 2009, the ad valorem component on all tobacco products was 160% of the price from wholesaler to retailer. Total taxes, including 15% VAT, amounted to 61.4% of retail price.

Between 2009 and 2011, the specific tobacco tax in Mexico was raised to 7 pesos per pack of 20 cigarettes - raising total taxes for a pack of Marlboro to 69% of the retail price. During the same period, tobacco sales dropped by 30% (from 1.81 billion packs in 2009 to 1.27 billion in 2011), and government revenue increased from tobacco taxes by 38% (from MX \$22 billion in 2009 to MX \$30 billion in 2011), even as sales declined.ⁱ

The Messengers/the Coalition

In 2009, under President Felipe de Jesús Calderón Hinojosa, Mexico went through a period of severe economic downturn, which resulted in a 4.7% drop in Mexican gross domestic product.ⁱⁱ The government, to deal with the economic crisis, approved countercyclical economic and financial measures, which made the national debt to increase from 22.2% to 35% of GDP.ⁱⁱⁱ

To reduce the national debt, the Mexican Government was very interested in finding new fiscal revenues. The bill, sponsored by Senator Saro, included a substantial tax increase for cigarettes and was introduced in Congress on April 22, 2010.^{iv} On October 7, BI partners launched a massive national media campaign, which was successful since the House of Deputies, on October 20, cast the final vote on the Saro's bill, whereas the Senate, on October 31, 2010, finally approved the bill.^v

The Mexican partners were the Fundacion Interamericana del Corazon Mexico (FIC - Mexico) and ALIENTO (Mexican tobacco control coalition), in addition, a Public Relations and lobbying firm supported these organizations.

The international partners included the Campaign for Tobacco-Free Kids (CTFK), which provided technical assistance and funding, and the WHO regional office, which provided technical assistance and organized meetings with high officials within the government.^{vi}

The coalition could count on strong supporters among prominent members of the government like the Minister of Health (Secretary José Ángel Córdova) and the sponsor of the tax increase Senator Ernesto Saro Boardman (PAN).

Target Audience

The public opinion was the primary target of the communication campaign. The objective was to inform Mexicans about the importance of the tax reform so that the public debate could put pressure on decision-makers within the Parliament.

Key Messages

The mass media communication campaign used impactful images and taglines targeted at legislators to attract the attention of the Mexican public and promote a vigorous public debate on this issue. Images focused mainly on health messages and the impact of smoking on children. Specific messages included:

- a) our youth smoke and some legislators make it easier for them to do so;
- b) get to know your legislators, some of them don't care about your health;
- c) my father will die of lung cancer, and some legislators are okay with that.

All images carried the logo of civil society groups, and the following slogan: *"Yes to the tobacco tax increase -for the health of those we love most- Unite (take action)"*: www.votoporlasalud.org.

Public health was the central theme in the messages used in the campaign.

- Higher tobacco taxes save lives, discourage youth initiation and bring in more revenue for the government
- Each year the government spends more than 45 billion to manage the diseases caused by smoking, yet the revenue raised by tobacco taxes is currently only 23 billion
- Smoking kills more than 60,000 Mexicans a year
- 7 out of 10 Mexicans support a tobacco tax increase

More complex messages, such as those used to counter illicit trade and impact on tobacco farmer arguments, were incorporated into the campaign's public relations and digital components, for use within the broader PR campaign (including in one-on-one interviews, press conferences, etc.).

Communication Tactics and Communication Channels

It is important to point out that the campaign is one component of a much larger advocacy effort that has been underway for over a year to promote a tobacco tax increase. This considerable effort included the involvement of civil society, the Ministry of Health and local partners.

Media advocacy tactics included pitching stories to earned media as part of an ongoing media outreach effort, which comprised 50 media interviews carried out by coalition members.

The results of this media engagement were outstanding, and just one day after the launch of the campaign, there were already 45 stories published on the issue, and coverage continued to be intense throughout the campaign with articles published in mainstream Mexican outlets.^{vii}

Lobbyists working for the tobacco control coalition reported that members of the Parliament paid close attention to the communication campaign and the ensuing media coverage.

Paid media were a key component, particularly billboards, banner ads and murals, which appear at 16 key sites and intersections around Mexico City.

Internet/Social media included a microsite: www.votoporlasalud.org and the use of social media like Facebook, blogs, and Twitter.^{viii}

A public poll was also used to test the messages and concept of the communications and media relations campaign.

Tobacco Industry Efforts

The industry used economic arguments like job losses among farmers of the closing of a PMI production facility in Mexico.

Finally, the tobacco industry also hinted at a decrease in the government's revenue due to lower consumption of cigarettes.

Advocates promptly responded to tobacco industry interference.

- by singling out and publicly denouncing, particularly on the internet and social media, members of the parliament close to major multinational companies
- by demonstrating that the economic impact was almost non-existent (few hundred job losses in agricultural and because of the closing of PMI production facility)
- by showing that government revenues increased from tobacco taxes increased 38% from MX \$22 billion in 2009 to MX \$30 billion in 2011, even as sales declined.

Conclusion

The communication campaign around tobacco in Mexico was primarily a mass media campaign that leveraged paid media to generate earned media coverage, stir public debate and pressure decision-makers, creating opportunities for advocates to lobby them. The campaign was very aggressive with impactful images and messages; advocates also openly attacked the tobacco industry publicly singling and calling out industry allies, particularly on social media.

ⁱ https://www.tobaccofreekids.org/assets/global/pdfs/en/success_Mexico_en.pdf

ⁱⁱ "GDP growth (annual %)". data.worldbank.org.

ⁱⁱⁱ Andrade, Citlallin (23 October 2013). "Felipe Calderón cubrió sobreejercicio con endeudamiento". *Excélsior (in Spanish)*. Retrieved 6 July 2017.

^{iv} <https://www.who.int/tobacco/about/partners/bloomberg/mex/en/>

^v <https://www.who.int/tobacco/about/partners/bloomberg/mex/en/>

^{vi} In July 2010, upon receiving a request from WHO Regional Office for the Americas, a delegation of WHO officials visited Mexico to meet Ministry of Finance officials to discuss Senator Saro's proposed tax bill at the Senate. See:

<https://www.who.int/tobacco/about/partners/bloomberg/mex/en/>

^{vii} A few examples of headlines:

Quote - **Reforma**: Impulsan organismos campaña contra el cigarro; buscan apoyo de legisladores. "Organizations have launched a campaign against cigarettes, seeking support from lawmakers."

Headline - **Diario del Sol**: ONG's apoya impuesto de \$10 a cajetillas de cigarro. "NGOs support a tobacco tax increase of 10 pesos per pack."

Headline - **Stereo Cien**: Sociedad civil trabaja con campaña para exhibir a diputados. "Civil society promotes a media campaign to expose legislators."

^{viii} Fumar te mata...y no sólo a ti <http://bit.ly/aUNhLs> uno de los grandes problemas de salud pública "Smoking kills...and not only you <http://bit.ly/aUNhLs> one of the greatest public health problems." ¡Ningún acuerdo que dañe la salud de los mexicanos, puede ser válido! "No agreement that harms the health of Mexicans can be valid!"