

TOBACCO CONTROL AND THE TRANSITIONAL ECONOMIES OF EUROPE: THE EXAMPLE OF POLAND

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Poland's democratic government has placed an exemplary emphasis on changing attitudes towards smoking. In 1995, Poland's first Tobacco Control Law was passed. It imposed restrictions on tobacco sales, smoking in public places and tobacco advertising. Since then, the law has been amended several times to encompass an extended range of tobacco regulations including: large health warning labels on cigarette packs, reductions in allowable levels of tar and nicotine in cigarettes, a total ban on tobacco promotions and all street level tobacco advertising. In addition to legislative action, in 1993 Poland also reformed fiscal policy to incorporate explicit excise (both specific and ad valorem) taxes as well as value added taxes on all tobacco products. Data obtained from Poland's Ministry of Finance are used to present the development and current status of the tobacco tax and pricing system in Poland while data gathered from Poland's National Central Statistical Office are employed to produce estimates of cigarette demand and cigarette price-elasticity. Findings show that although increasing tobacco tax levels have indeed increased market prices for cigarettes, real tax levels have risen less quickly than nominal tax level increases would suggest. Nevertheless, gradually increasing cigarette prices continue to be associated with increased tobacco tax revenues for Poland's government. Empirical estimates of cigarette price elasticity show that Poles, despite their seemingly low incomes, demonstrate relatively low sensitivity to increases in cigarette prices. Finally, estimates also suggest that the reduction in smoking participation among Poles is not solely motivated by a price effect but rather, is also a function of various informational mechanisms designed to warn the public about the dangers of tobacco use.