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The Economics of Tobacco in Lebanon: An Estimation of the Social Costs of Tobacco Consumption

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Abstract

Objectives: Assess the socioeconomic costs of smoking in Lebanon and understand the tobacco market and identify the winners and losers from the Lebanese tobacco trade.

Methods: We take a close look at the market for tobacco and related markets to identify the main stakeholders and estimate the direct costs and benefits of tobacco. We also estimate lower bounds for the costs of tobacco, in terms of lost productivity, the cost of medical treatment, lost production due to premature death, and environmental damage. The paucity of data means our cost estimates are conservative lower bounds and we explicitly list the effects that we are unable to include. **Results:** We identify the main actors in the tobacco trade: the Régie (the state-owned monopoly which regulates the tobacco trade), tobacco farmers, international tobacco companies, local

distributors, retailers, consumers, and advertising firms. We identify as proximate actors the Ministries of Finance and Health, employers, and patients of smoking-related illnesses. In 2008, tobacco trade in Lebanon led to a total social cost of \$326.7 million (1.1% of GDP). Conclusion: Low price tags on imported cigarettes not only increase smoking prevalence, but they also result in a net economic loss. Lebanese policymakers should consider the overall deficit from tobacco trade and implement the guidelines presented in the Framework Convention on Tobacco Control to at once increase government revenue and reduce government outlays, and save the labor market and the environment substantial costs.

Keywords :

tobacco

economic costs of tobacco

direct costs of tobacco

indirect costs of tobacco

social costs of tobacco

THE AUTHORS



Nisreen Salti is an Associate Professor of Economics at the American University of Beirut in Lebanon. Her research interests are in development economics, including political economy and the public economics of health.



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Nadia Naamani holds a Masters of Science from the University of Reading, UK, in Food Economics and Marketing and a Bachelors of Science in Nutrition and Dietetics from the American University of Beirut. She is a licensed dietitian in Lebanon. She currently has an interest in corporate research and is pursuing a career in the field.

Notes

1 The four other countries that grow tobacco on more than 1% of their agricultural land: Malawi, North and South Korea, and Macedonia (Eriksen et al., 2012).

2 [Tiihonen et al. \(2012\)](#) show that smokers in Finland had a shorter lifespan of 8.6 years on average compared to nonsmokers. This mapped into lower total health costs for smokers and forgone pension income corresponding to an average of 7.3 years. The authors found that from a strict fiscal perspective, smokers had a substantial positive net contribution to public finance. Yet when a quality-adjusted life year cost was introduced (QALY), nonsmokers were found to have a beneficial net effect on society.

Related Research Data

[The effect of taxation on tobacco consumption and public revenues in Lebanon](#)

Source: Tobacco Control

[Linking Global Youth Tobacco Survey \(GYTS\) Data to the WHO Framework Convention on Tobacco Control \(FCTC\): The Case for Mexico](#)

Source: Preventive Medicine

[World Development indicators](#)

Source: Mendeley Data

[Knowledge, attitudes, and practices of argileh \(water pipe or hubble-bubble\) and cigarette smoking among pregnant women in Lebanon](#)

Source: Addictive Behaviors

[The net effect of smoking on healthcare and welfare costs. A cohort study](#)

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