

SUBNATIONAL DIFFERENCES IN ILLICIT TRADE OF CIGARETTES IN MEXICO: AN EXPLORATION

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Background

A recent independent estimate of the illicit market in Mexico using a litter collection method in 8 cities was 8.8%, compared to the tobacco industry estimate of 16.6%. This study explores possible explanations for state level variation in the illicit trade of cigarettes in Mexico.

Methods

- Littered packs were collected in eight major cities in Mexico
- Illicit packs were determined by their lack of Mexican health warning labels and the required message “For exclusive sale in Mexico”
- Secondary data included state-level GDP per capita, and public-sector corruption levels using World Justice Project’s Rule of Law Index

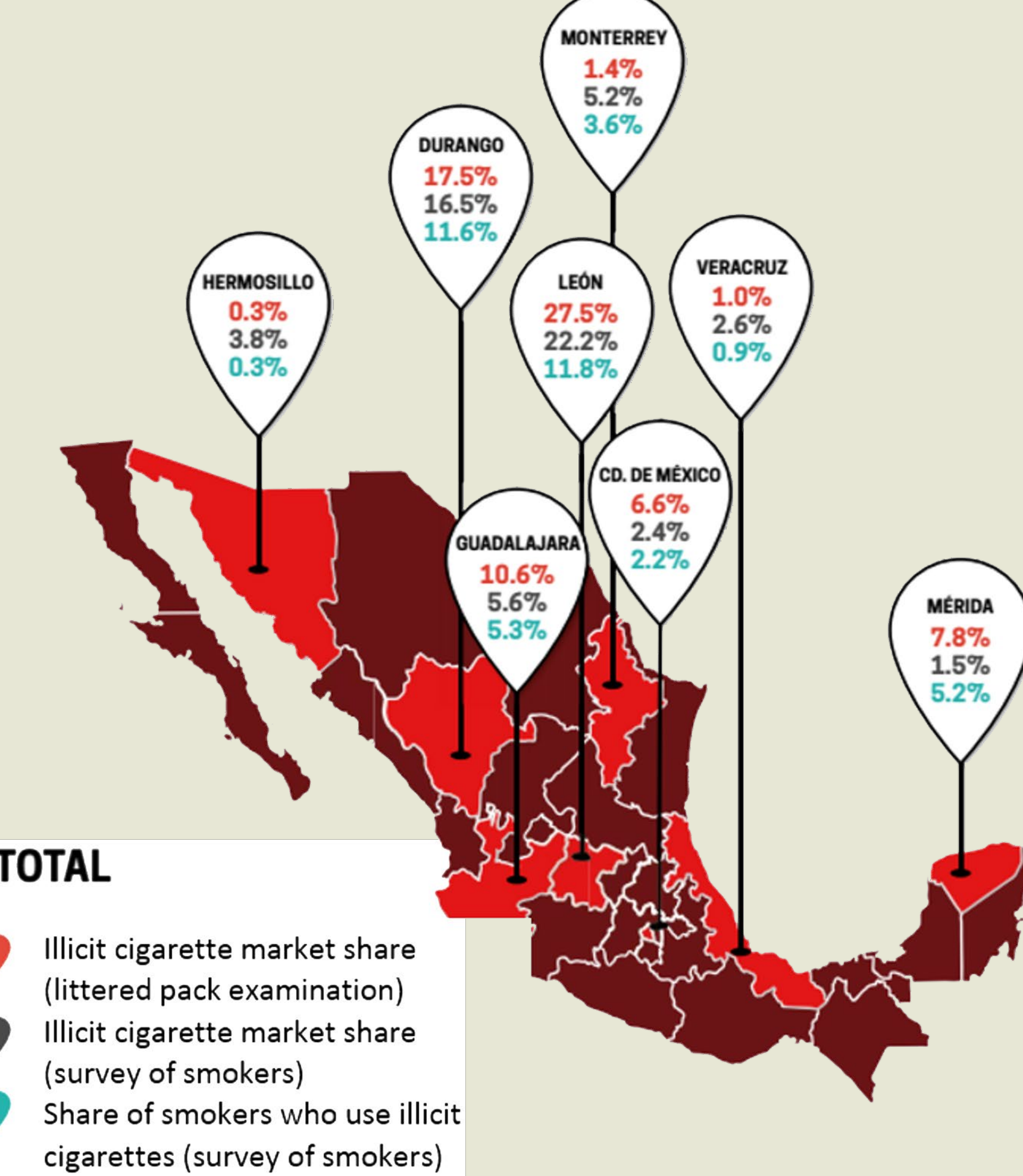
Results

- Illicit trade at the subnational level ranged from Hermosillo (0.3%) and Veracruz (1%) to Durango (17.5%) and Leon (27.5%)
- Illicit trade had a weak, negative correlation (-0.36) with GDP per capita and a weak, positive correlation (0.35) with the Rule of Law Index

Mexican state differences in **illicit trade** are not driven by differences in taxation and are weakly correlated with GDP per capita and public-sector corruption. Private **corruption** is a possible driver.

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Additional Information

- Data collection was conducted between Nov. 13 and Dec. 5 2017
- 92 Basic Geographical Areas were sampled in each city to cover the walking distance (82.8km) needed to collect 670 packs
- 8204 packs were collected
- The subnational level variation was not explained by differences in taxes since Mexico has only a federal cigarette tax rate
- Greater illicit packs was weakly correlated with lower GDP per capita and greater public-sector corruption



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