Mongolia has been considering an increase in the excise tax on alcohol and tobacco for quite some time. Therefore, in response to a request from the WHO, the Knowledge Hub travelled to Mongolia to assist on a mission to provide technical assistance to the Ministry of Health and other advocates looking to increase these excise taxes. The primary aim of the mission was to develop an excise tax simulation model that could forecast the fiscal and public health impact of such tax increases. We also explored the capacity of local partners to assist in future work – such as running an illicit trade study.

The trip was successful. We were able to gather rich data from customs and develop a sound model that demonstrated that there was plenty of room to increase taxes. The findings of this model were presented to a number of local CSOs, parliamentary officials, the Ministry of Health, the local IMF team, among other – in order to gain further support for the project.

The alcohol excise tax system is quite complex – with various tiers which allow for manipulation by the industry. For example, vodka with alcohol content above 40% is taxed at a very high rate; the industry has thus responded by setting the alcohol content in the majority of products sold at 39% - so as to just squeeze into the lower, “less expensive” tax tier.

Cigarettes are relatively affordable, and as a result of a recent rebasing of the tax from USD into the local currency, there was actually a recent decrease in the excise tax. About 75% of the market consists of imported cigarettes, with only 25% locally produced. They face the same excise tax, imported cigarettes face a small import duty, and local cigarettes are generally cheaper than the imported variety. The adult population is about 2.1 million, and smoking prevalence is 27.1% - meaning there are almost 600,000 smokers.

There is apparently no "standard" timing for when the excise tax is increased. However, the Ministry of Health indicated that their plan was to only start trying to push it through after the presidential election, which I believe is taking place in June. They suggested that we should not expect an increase before October.

The local WHO team, the contacts in the Ministry of Health, as well as contacts within the Customs office were all very helpful and quick to respond. Thus, while their technical capacity may be low, the eagerness of these local partners to assist may be a key strength in future work with Mongolia.

With regard to local capacity, particularly with regard to running an illicit trade study, the following was noted:

The National Cancer Council of Mongolia (NCCM) is not sufficiently resourced to collect primary data / run a survey etc. They are quite a small CSO, and do not have capacity for such a project. They would perhaps be better placed for dissemination of the findings.

The Public Health Institute is better resourced than the NCCM. They were apparently involved with the Ministry of Health in the STEPS survey, and will likely be involved in the follow-up too. However, they do not have the capacity to run such a survey themselves. Their director seems interested in the study, and would likely be a good partner alongside the Ministry of Health.
There is School of Public Health at the local university that might be interested in being part of the project. It would be worth trying to see if we can get them involved.

The past STEPS survey was run by the Ministry of Health, and they are planning on running a second wave of the survey in 2018. They are also planning on running a Cervical Cancer survey of Mongolian woman in the next few months, and an HPV-focused survey within the next year.

The Ministry of Health would therefore be the best partner for running an illicit trade study, since they have experience and seem to be relatively well resourced.

Pack collections would definitely be possible, as I saw evidence of many littered packs throughout the city. This would also obviously be the most affordable option. It was difficult to get an exact gauge of what alternative surveys would cost. It seems that what raises the cost for the STEPS survey is the extraction of the medical information - which would not be necessary if all surveys. It was reported that when setting up the STEPS survey, the WHO and Ministry of Health worked with the National Statistical Office of Mongolia, and based the sampling frame on the census. It may therefore be worthwhile trying to find a contact within the Statistical Office.