International Trade Centre

EXPORT IMPACT FOR GOOD

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MALARIA FIGHT CAN SAVE LIVES AND REVENUES – ITC STUDY

Countries where malaria is endemic can save lives with little loss to tax revenues if they eliminate tariffs on the imports needed to fight the disease, an International Trade Centre (ITC) study shows.

The study of 32 malaria-endemic countries in Africa, Latin American and Asia found that waiving import duties on anti-malarial medicines and equipment, such as mosquito nets, diagnostic kits and insecticides, would lower the cost of protection and treatment and help combat what is an easily preventable disease.

But although many countries, particularly in Africa, have pledged to reduce duties, the ITC study shows that tariffs remain in force, and can even, in the case of mosquito nets, be quite high.

“Ensuring access to anti-malarial commodities is vital, and lower taxes and tariffs can help achieve this,” said Anders Aeroe, Director of the Division of Market Development at the ITC. “Some states fear losing tax revenues. Our study found that the duties on anti-malarial goods make up only a small part of customs revenues, and are virtually negligible as a percentage of total fiscal income.”

The studies were undertaken in collaboration with the Washington-based Academy of Educational Development at the request of the Malaria Taxes and Tariffs Advocacy Project (M-TAP), a two-year research and advocacy program funded by the Bill & Melinda Gates Foundation and supported by the Roll Back Malaria Partnership.

Although the average duty on medicines is relatively low at just over three per cent, tariffs on mosquito nets average some 17 per cent, with some countries applying rates of more than 50%.

The high duties on mosquito nets are due to the fact that they are often classified as textiles, one of the most heavily taxed sectors in world trade. One way to overcome the problem would be to re-classify imported anti-malaria nets.

The ITC study shows that losses from lowering tariffs on anti-malarial goods can be minimized by separating anti-malarial commodities from other goods in separate national tariff lines and reducing the tariffs on these lines to zero. Since the first presentation of the study results, several African countries have signaled that they will be taking action on the removal of tariffs and taxes.

But it is not just tariffs which ITC has identified as barriers to import. A separate ITC report on non-tariff measures reveals that they too can form obstacles to trade and therefore cause additional costs to importers. Issues such as product registration, inspection and testing need to be addressed to facilitate the fight against malaria, the report concludes.

Ten years after the United Nations proclaimed 2001-2010 a “decade to roll back malaria,” global malaria deaths have dropped by an estimated 38%, yet the disease still kills nearly 800,000 people a year, primarily young children and pregnant women and mostly in Africa.

At the 2000 Abuja summit African states agreed to "reduce or waive" tariffs on anti-malarial commodities. Containing malaria and reversing its incidence by 2015 is one of the Millennium Development Goals (MDG).

ITC is the joint agency of WTO and the United Nations and is devoted to helping SMEs in developing countries become more competitive in global markets and thus to speed up sustainable economic development and contribute to the achievement of the Millennium Development Goals.

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