



“PRIORITIES OF HEALTH ECONOMICS IN AFRICA”

Inaugural Conference of the African Health Economics and Policy Association (AfHEA)
10th – 12th March 2009 - Accra, Ghana

PS 05/7

An Empirical Analysis of Cigarettes Demand in Kenya: New Health Policy Perspective

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The advent of rigorous campaigns against consumption of cigarettes and tobacco related products is one of the key millennium challenges to Kenya and Africa as a whole. Health policies regarding this issue have to look deeply into social, economic and health impacts of enacting restrictive policies towards the consumption of cigarettes in Kenya. This study emphasized on myopic demand modeling of addictive behaviour (based on the premise that previous consumption of cigarettes per capita had a positive impact on current cigarette consumption per capita) in regard to cigarette consumption in Kenya. Factors such as cigarette prices (influenced by increase in excise tax overtime), income and regulations on advertising were used to measure the demand response. Cigarette prices rise over time were found to have a negative significant impact on cigarettes consumption. Rise income had a negative impact on the capita consumption of cigarettes which implied for a smoker cigarettes are inferior goods and rise income does not necessarily mean that the consumption of cigarettes will increase overtime. Past consumption of cigarettes had a positive impact on present consumption supporting the myopic theory of addiction. Advertising also had a significant impact on increasing the consumption per capita of cigarettes. Time series analysis was used in the empirical evaluation of cigarette demand from the period 1970 to 2005 with the application of OLS and Maximum Likelihood ARCH Methods.

The study reinforced the need for higher prices in regulating cigarette consumption, ban on advertising and use of health scare message which results in positive health outcomes to the population of Kenya.