

ANALYSIS
OF TOBACCO AND POVERTY
IN SUPPORT OF FCTC
RATIFICATION IN CAMBODIA
(BASED ON 2004 TOBACCO DATABASE)

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Executive Summary

A. Research Rationale

The Royal Government of Cambodia (RGC), through its Poverty Alleviation Program, has undertaken efforts to reduce households' poverty and improve their welfare. Tobacco use is one of the major obstacles to realization of the goals of the Poverty Alleviation Program. Urgent measures must be taken to eliminate the obstacles posed by tobacco use to the program's success.

Previous research on tobacco and poverty was undertaken by LIDEE Khmer using the 1999-CSES database collected by the National Institute of Statistics of the Ministry of Planning of Cambodia. That research provided strong evidence of the negative impacts of tobacco use on household poverty as well as the threat posed by tobacco use to the success of the Poverty Alleviation Program of the RGC. Joint efforts of the National Centre for Health Promotion, the Ministry of Health, the Inter-Ministerial Committee, and the tobacco control community have taken a tremendous step forward in combating the tobacco epidemic, with the ratification of the Framework Convention on Tobacco Control (FCTC) by the RGC in November 2005. Ironically, however, after the ratification of the FCTC the advertising and promotion of tobacco products and sponsorship by the tobacco industry has intensified. The ratification of the FCTC is, thus, only the start of a new phase in the struggle to establish smoke free policy in Cambodia. After the ratification of the FCTC a range of new problems arise, including: i) how to integrate the ratified international law into the legislative framework for Cambodia and to allow for its implementation locally, ii) how to concretely determine specific issues of the FCTC that are relevant to the Cambodian context and to incorporate them into the national law, and iii) how to concretely reinforce all the stated articles of the ratified FCTC and strengthen the Cambodian law on tobacco control. Currently a draft National Law on Tobacco Control shaped after the FCTC has been prepared by the National Centre for Health Promotion and the Ministry of Health, and is pending approval by the Cambodian Parliament. However, health reasons are, again, not enough to smoothly and successfully move the law through Parliament. More research evidence is required to support the promulgation of the Cambodian law, and the implementation of both the new Cambodian law and the FCTC.

The purpose of this updated research on tobacco use and poverty was to investigate the consumption behavior of Cambodian households for specific product groups (food, clothing, education, medical care, housing and tobacco) taking into account the impact of tobacco spending.

The investigation was conducted in the framework of the consumer demand theory using one of the most common functional forms of econometric analysis: the Almost Ideal Demand System. This method of investigation is different from the one used in the 1999 analysis of tobacco use and poverty. The advantage of the current approach is the possibility to compute expenditure (income) elasticity, own price and cross price elasticity using the results of the maximum likelihood estimation of demand model under the study.

B. Major Findings

B.1. Impacts of Tobacco on Households' Consumption

The current research has found three items of household expenditure having total expenditure (income) elasticity smaller than one. Among these items is tobacco with a total expenditure elasticity of 0.6957. Items with elasticity smaller than one are considered as items of necessity. This raises alarm to us as tobacco appears to be an item of necessity as well. Tobacco spending is moreover the least responsive to change in total expenditure (income) as compared to food and clothing with total expenditure elasticity of 0.8273 and 0.9466 respectively. With respect to own price, tobacco is fairly inelastic with absolute own price elasticity of 0.4733, which is in the middle range of inelasticity as compared to the least inelastic (education (0.6506)) and the most inelastic (medical care), whereas clothing and housing are very elastic with own price elasticity of -1.0409 and -1.1493 respectively.

All values of cross price elasticity show that tobacco and other products are items of substitution in terms of cross price, except food and housing which are complements. The value of cross price elasticity of tobacco with respect to food is -0.5859 and the reverse relationship is -0.029 . This means that food and tobacco spending are complementary items, or literally speaking, tobacco is a product to be consumed along with food and this is fairly well reflected in various sections of the discussion of total expenditure (income), own and cross price elasticity.

B.2. Impact of Tobacco on Households' Poverty

Tobacco spending becomes a problematic issue in terms of socio-economic status of Cambodian households. Of all two and a half million households in Cambodia, 58.7 percent consume tobacco products. This tobacco spending decreases household well-being, increases the risk of diseases in respiratory tracts and in the mouth cavity, and subsequently reduces labor productive capacity of the family, which further aggravates the situation of poverty.

B.3. Impact of Tobacco on Social Development

Tobacco spending as shown by these findings is a fairly persistent consumption expenditure for Cambodian households. Taking into account the current efforts of the RGC in reducing poverty, this is a very serious threat to the well-being of households and Cambodian society. Total nationwide spending on tobacco products amounted to US\$57.75 million according to the database of the Cambodian Socio-Economic Survey (CSES) 2004. The opportunity cost of tobacco spending can translate into an enormous useful expenditure for households and the society as a whole.

Introduction

The current research update of tobacco and poverty investigated the consumption behavior of Cambodian households for specific product groups (food, clothing, education, medical care, housing and tobacco) taking into account the impact of tobacco spending.

The investigation was conducted in the framework of the consumer demand theory using one of the most common functional forms of econometric analysis: the Almost Ideal Demand System (AIDS). This new method of investigation is more advanced than the one employed in the 1999 analysis of tobacco and poverty. It is the first attempt to estimate tobacco total expenditure (income), own and cross price elasticity, in order to provide their interpretation in the context of Cambodian households.

This paper investigates the socio-economic status of Cambodian households as a result of their patterns of expenditure in the context of tobacco consumption. The study is based on the database built by Cambodian Socio-Economic Survey (CSES) 2004. Using the results of this study, a number of suggestions are made in the policy implication section.

Section One presents the study objectives. Section Two is a review of the research literature. Section Three describes the data sources and methodology. Section Four highlights some of the socio-demographic characteristics of Cambodian households. Section Five demonstrates a striking difference between non-tobacco consuming families and tobacco consuming ones. Section Six highlights the core subject of the study: the tobacco or health dilemma. It also shows the opportunity cost of tobacco consumption and its related health risk. Section Seven presents the results of the regression analysis. Finally, a conclusion and recommendations related to policy implications are detailed in Section Eight, which concludes the paper.

Content

Acknowledgements.....	2
Executive Summary	3
Introduction.....	5
List of Figures	viii
List of Tables	ix
Abbreviations.....	x
Section One: Study Objectives	1
1.1. Research Problem	1
1.2. Study Objectives and Research Hypothesis.....	1
Section Two: Review of Research Literature.....	3
Section Three: Data Sources and Methodology	5
3.1. Data Source and Manipulation.....	5
3.2. Data Diagnostics	6
3.3. Research Model Design and Software Tools.....	8
Section Four: Situations of Smoking in Cambodia	12
4.1. Households' Smoking Prevalence	12
4.2. Smoking Demography	12
4.3. The Extent of the Problem.....	14
Section Five: Tobacco and Households' Expenditures	16
5.1. Households' Expenditure and Tobacco Consumption.....	16
5.2. Average Share of Tobacco Consumption in Income	19
5.3. How Much Is Food Equivalence of Tobacco Consumption by Typical Smoking Household	20
Section Six: Tobacco and Poverty	21
6.1. What Items of Basic Needs Suffer Most From Tobacco Spending	21
6.2. Possible Children Health Problem	22
6.3. Smoking And Potential Increase of Health Care Burden	22
6.4. A Hidden Source of Financing	22
6.5. What a Pack of 555-Brand Cigarette can buy.....	23
6.6. What a Pack of ARA-Brand Cigarette can Buy.....	24
6.7. Areas Mostly Burdened by Tobacco Consumption	24
6.8. Equivalence of Annual Cambodian Tobacco Spending	25
6.9. Inequality and Poverty Due to Tobacco.....	25
Section Seven: Maximum Likelihood Estimation.....	27
7.1. Result of the Maximum Likelihood Estimation.....	27
7.2. Tobacco, Poverty and Socio-Economic Status	30
Section Eight: Conclusion and Recommendation	31
A. Conclusion: Hidden Resource and Potential Risks behind Households Consumption of Tobacco	31
B. Recommendation	31

C. Policy Implication.....	31
Appendix I. Survey Questionnaire for 2004-CSES: Diary Record.....	33
Appendix II. Table of Data Description	39
Appendix III. Table of Result of Maximum Likelihood Estimation.....	43
Appendix IV. Calculation and Tables for Graphs Construction	44
Reference	48

List of Figures

Figure 1. Research Model	10
Figure 2. Households' Smoking Prevalence	12
Figure 3. Individual Smoking Prevalence in Cambodia (aged 15 or over)	12
Figure 4. Smoking Demography	13
Figure 5. Smoking Expenditure on Tobacco Products by Regions	15
Figure 6. Smoking Expenditure on Tobacco Products by Income Groups	15
Figure 7. Average Monthly Households' Expenditure on Specific Product in Percentage of Total Expenditure	18
Figure 8. Median Share of Tobacco Consumption in Income	19
Figure 9. Mean Share of Tobacco Consumption in Total Expenditure	19
Figure 10. Share of Tobacco Consumption in Food Expenditures by Regions of Cambodia	20
Figure 11. Share of Specific Consumption in Total Expenditure (Non-Smoking and Smoking Households) (2004-CSES)	21
Figure 12. Children Exposure to SHS (2004-CSES)	22
Figure 13. People Exposure to SHS	22
Figure 14. Hidden Source of Finance	22
Figure 15. What a Pack of 555 Cigarette Can Buy And Its Energy Equivalence (2004-CSES)	23
Figure 16. What a Pack of ARA Cigarette Can Buy (Food equivalence in term of material and energy provided) (2004-CSES)	24
Figure 17. Areas Mostly Burdened by Tobacco Consumption (2004-CSES)	24
Figure 18. Equivalence of Annual Cambodian Tobacco Spending (2004-CSES)	25
Figure 19. Lorenz Curves With and Without Tobacco (2004-CSES)	26
Figure 20. Own, Cross Price and Total Expenditure Elasticity for Non-Smoking Households	29

List of Tables

Table 1. Prevalence in Selected Asian Countries (aged 15 or over).....	12
Table 2 Important Statistics	14
Table 3. Average Monthly Households' Expenditure in Percentage of Total Expenditure	17
Table 5. Result of Maximum Likelihood Estimation of the Complete Demand System.....	27
Table 6. Total Expenditure (Income) and Uncompensated Own, Cross Price Elasticity Computed at the Sample Mean and Sub-Sample Mean	28
Table 7. Compensated Own, Cross Price Elasticity Computed at the Sample Mean and Sub-Sample Mean.....	29
Table 8. Selected Elasticity	29
Table 9. Data Description and Descriptive Statistics.....	39

Abbreviations

LIDEE Khmer	League of Khmer Students From Abroad
RITC	Research for International Tobacco Control
CSES	Cambodian Socio-Economic Survey
NIS	National Institute Statistics of Cambodia
KHR	Cambodian currency unit, the Riels
UNPF	United Nations Population Fund
ADB	Asian Development Bank
GDP	Gross Domestic Product
SEDP-II	Socio-Economic Development Plan II for 2001-2005

Section One: Study Objectives

1.1. Research Problem

The tobacco epidemic is rampant in Cambodia, especially at the household level, with more than half of all Cambodian households having at least one or more smokers. It is scientifically proven and firmly supported by facts that tobacco use is a major risk factor associated with many kinds of diseases (cancer, respiratory and heart diseases). Smoking is responsible for the deaths of millions of people every year around the world. In Cambodia a 1997 study estimated that, based on the experience of other countries, nearly 6,000 Cambodian die each year from tobacco-related diseases (Sotharith, C., et al, C., Pheang, L.T., & Samnang, P. “Economic Cost of Tobacco in Cambodia: Some Preliminary Estimates for 1997-2007, WHO, October 1997). With a household smoking prevalence of 58 percent, nationwide there are more than 1.53 million smoking households. Hence, at least 1.53 million people smoke tobacco products (estimate of one smoker per smoking household by 2004-CESE data¹), so that over time the risk of death as well as the burden of diseases from tobacco will be higher.

Although tobacco products kill thousands of people annually, they are freely traded in Cambodia. The consumption of tobacco products traces its roots into the far remote times of Cambodian history. Cambodian people in rural areas continue to follow the tradition of their ancestors by growing the tobacco plant, processing the leaf, and rolling their own cigarettes.

Despite the fact that Cambodian households would greatly benefit from ceasing to consume tobacco products, any attempt to impose control on the tobacco trade to reduce tobacco consumption presents a very challenging task for the Royal Government of Cambodia, the National Centre for Health Promotion, the Ministry of Health, the Tobacco and Health unit of ADRA Cambodia, and the local representative office of the World Health Organization.

1.2. Study Objectives and Research Hypothesis

This research has a broad social objective of presenting convincing evidence, based on descriptive and regression analysis of the existing data, to justify the move toward tobacco control policy and to gain support from a wide range of populations as well as from the government and NGO agencies. The research was carried out through investigation into the consumption patterns of Cambodian households. From the results of the investigation we were able to derive policy implications needed to support measures to counter the tobacco trade as well as to ensure that the move toward tobacco control would be an efficient one in the context of current Cambodian socio-cultural, economic and political environmental settings.

We investigated the hypotheses we presented in the initial project proposal:

- i. To investigate the tobacco consumption pattern of Cambodian households and determine its change during the time of the economic recovery.

¹. Report on the Cambodia Socio-Economic Survey 1999, National Institute of Statistics, Ministry of Planning, Sponsored by United Nation Development Program, Swedish International Development Cooperation Agency and Executed by the World Bank

- ii. To identify determinants of tobacco demand in Cambodia and assess their relative importance in the decision to smoke.
- iii. To attempt to estimate price elasticity of cigarette demand based on regional tobacco price differences.

Section Two: Review of Research Literature

The present research investigates the pattern of Cambodian households' consumption expenditure in the context of tobacco use. It uses the aggregated cross-sectional data obtained during the Cambodian Socio-Economic Survey conducted in 2004 (2004-CSES) on fifteen thousand households in the five regions of Cambodia.

As an update to the previous research, we employ the methodology provided by the consumer demand theory, which has been very popular among researchers investigating consumption expenditure of various products. We have reviewed the following literature on theory and application of the theory of consumer demand system:

- i. Apec 8403: Lecture 2 "Functional Forms for Static Demand System" exposing brief theory of consumer demand. It describes Stone's Analysis, Linear Expenditure System, Rotterdam Model, Search for Flexible Functional Form of Consumer Demand including Price-Independent Generalized Linear (PIGL) demand system and Price-Independent Generalized Logarithmic (PIGLOG) demand system, and Almost Ideal Demand System (AIDS).
- ii. Cardon Research Papers in Agricultural and Resource Economics "Estimation of Theoretically Plausible Demand Functions from U.S. Consumer Expenditure Survey Data" exposes the result of an application of four functional forms of demand model on the same dataset for comparison.
- iii. Article of the Chulalongkorn Journal of Economics 7 (3), September 1995 "An Estimation of Consumer Demand" by Isara Sarntisart. This article illustrates an application of demand function of the type of Linear Expenditure System (LES) form to the estimation of expenditure and price elasticity in Thailand.
- iv. Research Paper "Demand and Prospect for Food in Malaysia" by Nik Mustapha R. Abdullah, Abdul Aziz Abdul Rahman, Alias Radam, Ahmad Zubaidi Baharumsbah investigates the prospect of food demand in Malaysia. The AIDS model was used in the research study.
- v. A research paper of the Center for Energy and Environmental Policy Research entitled "A Residential Energy Demand System for Spain" by Xavier Labandeira, José M. Labeaga, and Miguel Rodriguez estimating for the first time in Spain an energy demand system with household micro-data. The functional form of the demand system is of the AIDS type with incorporation of demographic demand shifters.
- vi. Research Paper entitled "Household Demand in Turkey: An Application of Almost Ideal Demand System with Spatial Cost Index" by Ali Koc and Savas Alpay describing a result of the application of AIDS on regularly collected data on household expenditure. Household size, age group of household head as demand shifters were incorporated in the model. It claims to provide practical solutions in terms of reliable estimation of expenditure and price elasticity using the available database.
- vii. Research Paper entitled "Estimation of Demand for Wheat by Classes for the United States and European Union" by Samarendu Mohanty, E. Wesley F. Peterson, and Darnell B. Smith to investigate price response for specific classes of imported and domestic wheat by firms and consumers in the U.S. and the E.U. The GP/AIDS, an extended form of the AIDS, was used to analysis dynamic of the demand of wheat by different consumers.
- viii. Research Paper entitled "GAIDS: a Generalized Version of the Almost Ideal Demand System" by Carlo Andrea Bollino discussed a methodology to incorporate committed quantity into the AIDS. The author also showed

- improvement of the GAIDS together with augmented demand shifter in term of scaled price dependant on demographic characteristics over the normal AIDS.
- ix. Economics Letters entitled “Incorporating Demand Shifters, by Juliana M. Alston, James A. Chalfan, Nicholas E. Piggou in the Almost Ideal Demand System.
 - x. STATA 2001-Journal’s article by Brian P. Poi entitled “From the help desk: Demand system estimation” illustrating the use of STATA to estimate demand system. Data and program code for sample estimation is provided.

Based on these reviews, we chose the AIDS functional form of the complete demand system as the model for our investigation. The estimation was carried out using STATA program code, based on modified program code of Brian P. Poi and suggestions contained in the Economics Letters by Juliana M. Alston et. al.

Section Three: Data Sources and Methodology

The present research investigates the pattern of Cambodian households' consumption expenditure in the context of tobacco use in the framework of consumer demand theory. It uses secondary data provided by the Cambodian Socio-Economic Survey conducted in 2004 (2004-CSES).

The investigation is divided into two parts. Part I is based on descriptive analysis of the dataset and focuses on a subset of the dataset, which comprises only smoking households. Part II is based on a regression estimation of the whole dataset to find out how tobacco use impacts household expenditure on items such as food, clothing, education, medical care and housing, based on the socio-economic characteristics of those households.

We used SPSS, MS Excel and STATA software for data manipulation and analysis.

3.1. Data Source and Manipulation

The raw data of the 2004-CSES were verified, cleaned and made available in the National Institute of Statistics (NIS) of Cambodia. During the survey of 2004-CSES, the diary method was used to increase accuracy of the data collected. It is a major improvement over the 1999-CSES, which was based on the recall method. It collected extensive information on fifteen thousand households in the five regions of Cambodia: i) Region of Phnom Penh; ii) Plain Region; iii) Tonle Sap Region; iv) Coastal Region; and v) Plateau Mountain. The information includes household's assets, earning and schedule of expenditure on more than one hundred items of non-durable and durable goods or services. From this large dataset we extracted a number of variables to constitute the specific dataset for our study. The extracted dataset comprises household income, total consumption, and demographic characteristics.

In the beginning stage of building the research dataset, we used SPSS and STATA statistical software to manipulate the raw data source and to group the line items of consumption into six classes of aggregated types of consumption: i) food, ii) clothing, iii) education, iv) health, v) housing, vi) tobacco and vii) miscellaneous. According to the research objectives, our updated research on the impacts of tobacco use on poverty using the 2004-CSES database moves one step further than those employed in the 1999 research with a first attempt to estimate expenditure (income) and price elasticity. We consequently need price of goods or services, classified in six product groups and consumed by households in each of the five geographic regions of Cambodia.

Although it is possible to compute the unit value of the goods or services consumed by dividing monetary amount by quantity, caution is required to consider the resulting unit value as a proxy for price of the items purchased by households. The reason is the lack of common unit of measurement on the quantity reported and recorded during the data collection stage. This type of problem is common for research related to estimation of the consumption demand system and computation of expenditure (income) and price elasticity. The tasks we undertook to overcome the challenge posed by this problem were: a) to obtain prices of goods and services from the Bureau of CPI of the National Institute of Statistics, Ministry of Planning, b) to form price database for all six aggregate products to be investigated, and c) to merge the price database with the expenditure data. Upon possession of price information for the goods or services consumed by households we were able to

proceed with the estimation of the demand model developed in the framework of demand theory to investigate the poverty impacts of tobacco consumption. A comparison of unit value with the relevant price of each product item from the listing of the CPI Bureau of the Ministry of Planning helped in generating the price of the item to be aggregated.

The groups of aggregated products that were investigated were the following.

- 1- Food: The food group includes rice and cereal, meat and fish, fruits and vegetables.
- 2- Clothing: The clothing group includes apparel and footwear products.
- 3- Education: The goods and services groups under the education item are books, stationery and tuition.
- 4- Medical care: The goods and services groups under the health item are medicament, consultation and hospitality.
- 5- Housing: Housing includes only rent and maintenance.
- 6- Tobacco: This group includes all types of consumption of tobacco products.

3.2. Aggregate Price Formation

The Cambodia Socio-Economic Survey 2004 was conducted in the following periods: November/December 2003, the whole year 2004, and January 2005.

The record of expenditure follows the diary method in recording household expenditure. Each household was visited during one month to capture the household's consumption expenditure on various items.

Each household is identified by a sample ID and the time frame ID when its expenditure is recorded. It is therefore possible to generate aggregate goods from selected items consumed by household.

We compared the unit value computed from household data and the table of price from the CPI Bureau of the Ministry of Planning. The CPI listing is compiled every quarter on about three hundred various products on sale in different geographic zones of Cambodia. It includes the base price (1998 price), weight characterizing percentage in total expenditure for typical households in various regions of Cambodia, and the price index for the listed product items. The table of Current Price of selected items for aggregation is in a separate database.

A- Computation of CPI and unit value (diary price)

Step 1: to select product items:

Among many items of expenditure from the diary record, only items that we could find a match from the listing of the CPI Bureau were selected. Thirty-seven (37) items were selected for product aggregation: 20 items were aggregated into food aggregate; 2 items-cigarette aggregate; 8 items-clothing aggregate; 1 item-housing aggregate; 3 items-medical care aggregate and 3 items-education aggregate.

Step 2: to compute the unit value:

From the recorded household diary, we computed the unit value per item selected.

Step 3: to build a price table from selected CPI listed product items:

A table comprising the base price and CPI index for all the 37 items selected for aggregation formed a database for computation of their current price before aggregation. The current CPI price equals the base price multiplied by the price index. After obtaining all current prices of the 37 selected items we proceeded with formation of aggregate product.

Step 4: to compute the range of CPI price:

The lower bound, the lowest price, of the CPI price of the item is equal to 0.87 multiplied by the CPI price. The upper bound, the highest price, of the CPI price of the item is equal to 1.5 multiplied by the CPI price.

B- Comparison of prices to obtain item price for all households in the dataset

The approach in comparison of unit value computed from household data to price from the CPI Bureau of Statistics of the Ministry of Planning is the following:

- i- In case the diary price (the unit value) is smaller than the lower bound of the CPI price it is replaced by the value of the lower bound of the CPI price.
- ii- In case the diary price (the unit value) is bigger than the upper bound of the CPI price it is replaced by the value of the upper bound of the CPI price.
- iii- No replacement for all diary prices (the unit values) that lie between the lower and upper bounds of the CPI price.
- iv- Any missing diary price (the unit value) is simply replaced by the value of the price from the CPI price.

The time of the expenditure record and location, and where the record was taken, were used to generate the price database of selected items for aggregation.

After this comparison we obtained all prices of selected items for aggregation for every household in the database.

C- Computation of price of aggregate product

Price of aggregate product was calculated using the formula according to Laspeyres' formula:

$$\ln(\text{price}_\alpha) = \frac{1}{\sum \text{weight}_i} \sum [\text{weight}_i * \ln(\text{price}_i)]$$

where α = denotes following aggregate expenditure products: food; clothing; education; medical care; housing and tobacco

i = denotes each of the items forming the corresponding aggregate expenditure products: food; clothing; education; medical care; housing and tobacco

The reason to include the denominator is that a specific number of items from the CPI listing per aggregate product is selected for aggregation and the total weight per specific aggregate product is different from unity.

We should note that for all provinces and other urban areas weight per similar item on the CPI listing is similar.

D- Missing value of expenditure of aggregate item

Any missing value in the consumption expenditure of the food, clothing, education, medical care and housing aggregate is replaced by 30 KHR, which did not buy anything, as the smallest amount that can buy any product is 100 KHR.

Missing value of consumption expenditure on tobacco products is left as is.

We can therefore distinguish the status of households in terms of tobacco product expenditure. Zero amount of consumption on tobacco products will qualify the household as a non-smoking household and larger than zero amount of money spent by a household will qualify it as a smoking household.

E- Compilation of the complete database for demand estimation

Further tasks involved in formation of a complete database comprising consumption of specific aggregate product and its corresponding price were the following:

- i- to compute the total expenditure, comprising expenditure on the six aggregate products: food, clothing, education, medical care, housing and tobacco;
- ii- to compute the expenditure share of each aggregate product;
- iii- to compute the logarithm of price of the aggregate product.

3.3. Research Model Design and Software Tools

From the descriptive analysis, we had some initial sense of the effects of tobacco consumption on households' expenditure patterns, however, further analysis using the regression method was needed.

In the regression analysis we undertook the iterative estimation of the AIDS functional form, a popular functional form of demand model in the theory of consumption to investigate the consumption behavior of Cambodian households in the context of tobacco consumption. The key parameters for the discussion of the tobacco impacts are the total expenditure (income), own price and cross price elasticity. The discussion will be made on the uncompensated value, embedding some effect of total expenditure (income), of the elasticity. A table of compensated values of price elasticity, which reflects the impact of prices only, are also computed and presented. The values of elasticity are subject to point estimate, we therefore compute them at the sample mean and two sub-sample mean.

The demand system comprises the following six equations:

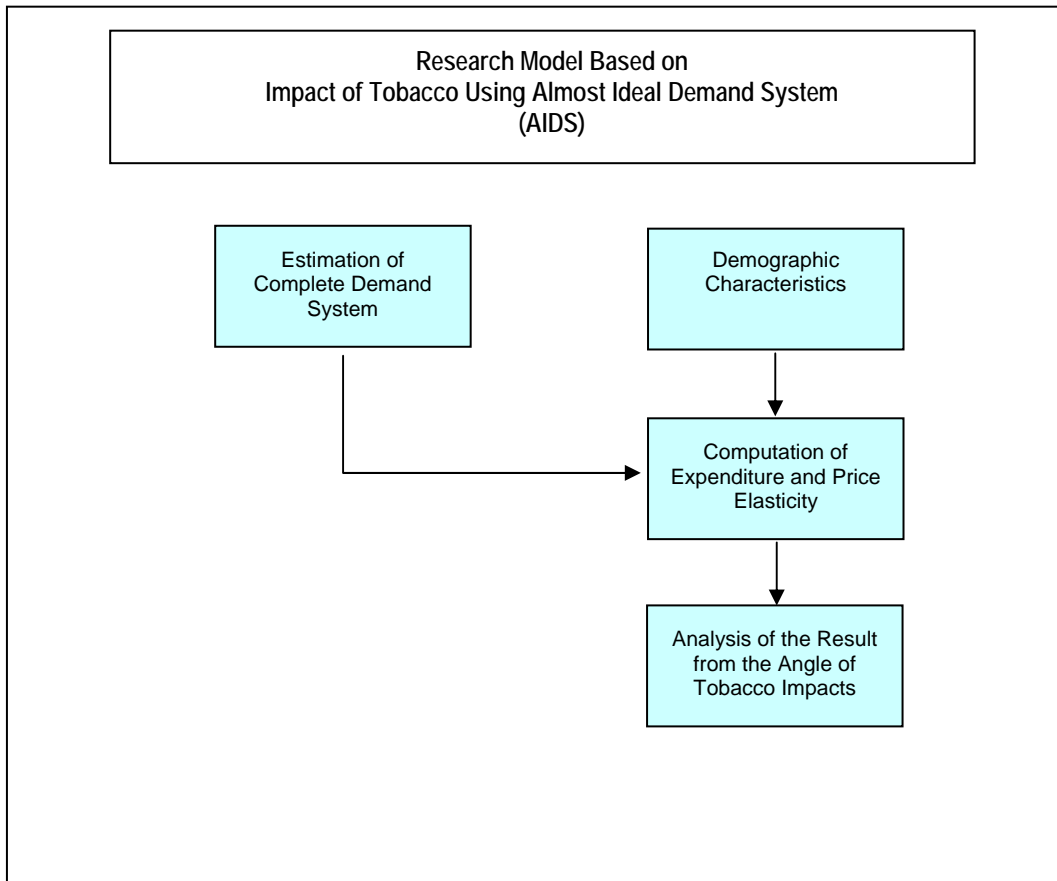
- a) five equations related to household consumption of basic products such as food, clothing, education, medical care and housing;
- b) one core equation related to spending on tobacco products.

The program codes used to estimate the system are modified versions of the ones supplied by Dr. Brian P. Poi of the STATA Corp. Nearly all codes in the original programs were modified. A new complete program code was developed to handle the computation of the elasticity using the results of the maximum likelihood estimation. A set of program codes for estimation of our demand system were provided by Dr. Brian P. Poi of the STATA Corp. Based on the original codes, the principal investigator wrote new codes forming a complete program for estimation of the demand system in the current research

project. In fact, five sets of program codes for various functional forms of the demand system were developed and tested: the Linear Expenditure System (LES), the Quadratic AIDS (QUAIDS), the Linear Approximated AIDS (LA/AIDS), the Generalized AIDS with demand shifters and committed expenditure (similar to LES) (GAIDS) and the AIDS used in the current project, but only the set of program codes used in this current project lead to successful completion of the estimation. The codes for parameter estimates are packed in different sub-routines, while the codes for elasticity computation were combined together in one program for easy execution and reference. The logs of the estimation and computation session are provided in the appendix. The actual codes for program execution are not included in this report, but are available upon request. The codes for the parameter estimate can be applied for any future research study without need of modification, while the codes for elasticity computation are suitable only for research cases similar to the current one. Use in other research studies requires modification.

The results of all these statistical and numerical processing are shown in the sections that follow and in the appendix.

Figure 1. Research Model



Box 1. Specification of Functional Form for Demand System

Expenditure share of all six items in the demand system:

$$w_i = \alpha_i + \sum_{j=1}^n (\gamma_{ij} * \ln(p_j)) + \sum_1^n (\beta_i * \ln(\frac{M}{P^{stone}}))$$

Translog price index to be used for estimation of the demand system:

$$\ln P^{stone} = \alpha_o + \sum_1^n (\alpha_i * \ln(p_i)) + \frac{1}{2} \sum_{i=1}^n \sum_{j=1}^n (\gamma_{ij} * \ln(p_i) * \ln(p_j))$$

Total expenditure (income) elasticity:

$$\eta_i = 1 + \left(\frac{\beta_i}{w_i} \right) \quad i=1, \dots, n \text{ (number of equations)}$$

Uncompensated own (or cross) price elasticity:

$$e_{ij} = -\delta_{ij} + \frac{\gamma_{ij}}{w_i} - \frac{\beta_i}{w_i} \left(\alpha_j + \sum_{k=1}^n (\gamma_{kj} * \ln(\bar{P}_k)) \right)$$

$$\delta_{ij} = 1 \text{ if } j = i \text{ and } \delta_{ij} = 0 \text{ if } j \neq i$$

Compensated own (or cross) price elasticity:

$$e_{ij} = -\delta_{ij} + \frac{\gamma_{ij}}{w_i} + \frac{\bar{w}_j}{w_j} - \frac{\beta_i}{w_i} \left(\alpha_j + \sum_{k=1}^n (\gamma_{kj} * \ln(\bar{P}_k)) - \bar{w}_j \right)$$

$$\delta_{ij} = 1 \text{ if } j = i \text{ and } \delta_{ij} = 0 \text{ if } j \neq i$$

where $\alpha_o, \alpha_i, \beta_i, \gamma_{ji}$ are parameters of the demand system;
with restrictions:

$$\Sigma \alpha_i = 1, \quad \Sigma \beta_i = 0, \quad \Sigma \gamma_{ji} = 0 \text{ adding-up conditions}$$

$$\Sigma \gamma_{ij} = 0 \text{ homogeneity condition}$$

$$\gamma_{ji} = \gamma_{ij} \text{ condition of symmetry}$$

$p_i, \ln(p_i)$ are price and logarithm of price respectively;

P^{stone} is stone price index;

η_i is total expenditure;

w_i is expenditure share.

$i = 1, \dots, n$ is index of the equations in the demand system,
here we have a total of nequ = 6, i.e. equations for food,
clothing, education, medicare, housing and tobacco.

$i = 1$ for food expenditure share equation;

$i = 2$ for clothing expenditure share equation;

$i = 3$ for education expenditure share equation;

$i = 4$ for medicare expenditure share equation;

$i = 5$ for housing expenditure share equation;

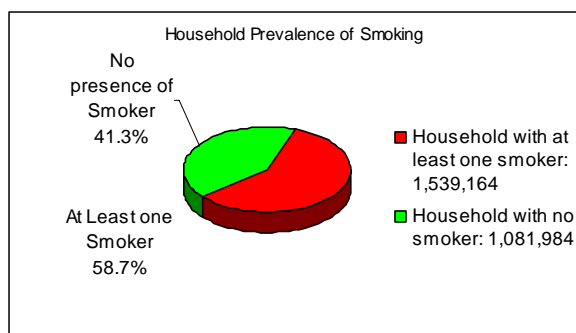
$i = 6$ for tobacco expenditure share equation;

Section Four: Situation of Smoking in Cambodia

In this part, we look at the descriptive statistics of our dataset.

4.1. Households' Smoking Prevalence

Figure 2. Households' Smoking Prevalence



More than half of all Cambodian households in the investigated period have at least one smoker in their families. Therefore the scope of tobacco products consumption is seen as very widespread in Cambodia.

The individual prevalence for Cambodia and other countries in the region is in Table 1 below. Male smoking prevalence is 41.2% and female 4.1%. It shows evidence that smoking prevalence in Cambodia is still among the

highest in the region.

Figure 3. Individual Smoking Prevalence in Cambodia (aged 15 or over)

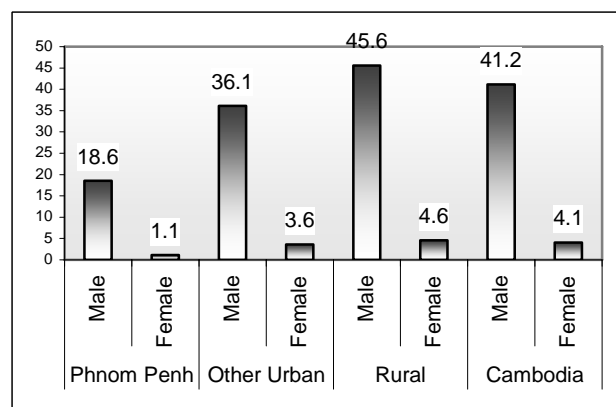


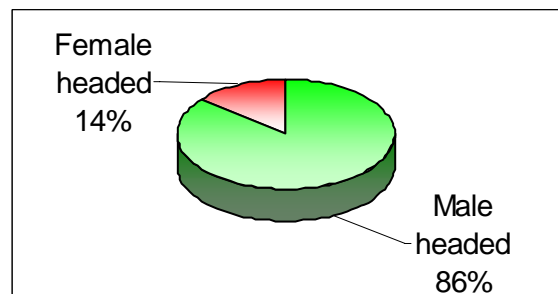
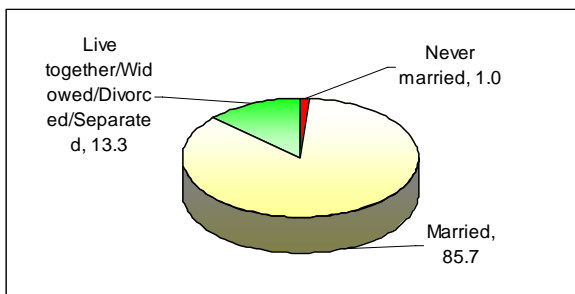
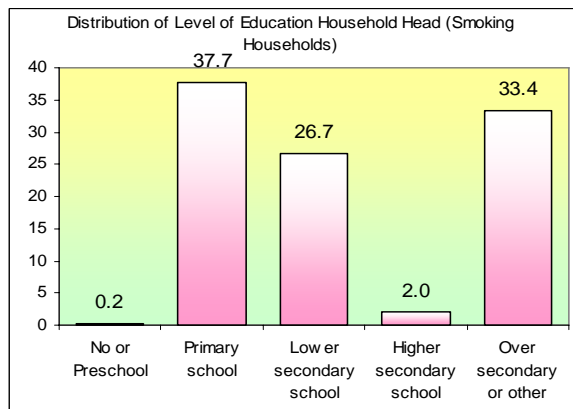
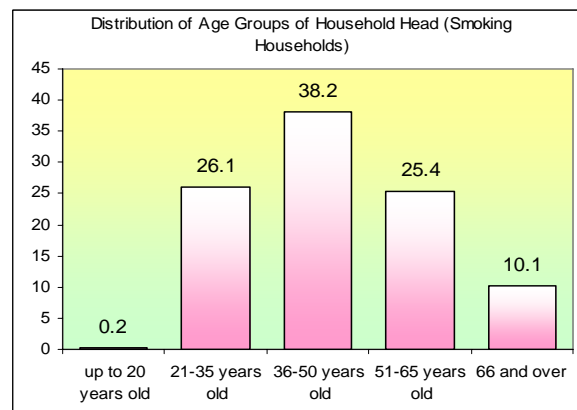
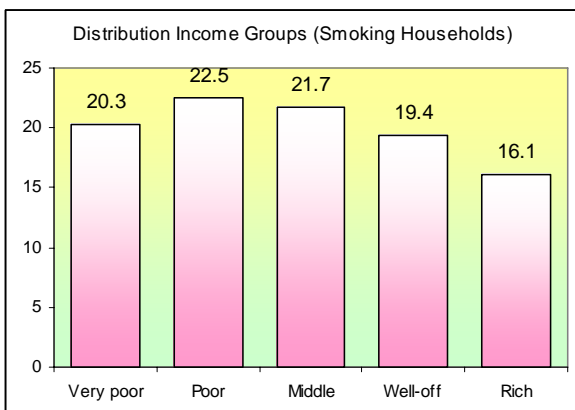
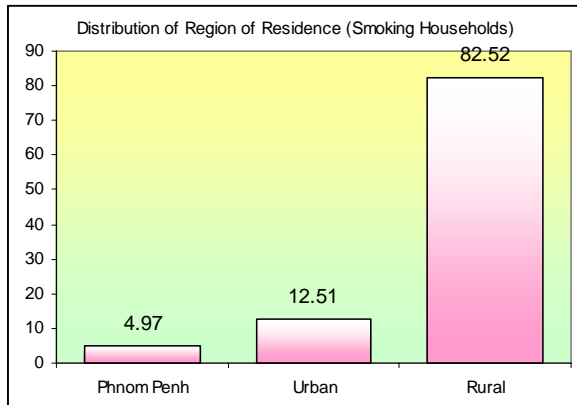
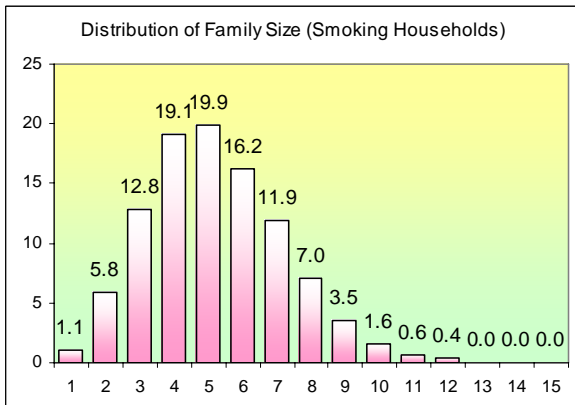
Table 1. Prevalence in Selected Asian Countries (aged 15 or over)

Country	Male	Female	Survey Date	Source
Cambodia	41.2	4.1	2004	NIS
Malaysia	49.2	3.5	1996	WHO
Thailand	43.0	2.4	2001	ASH-Thailand
Laos	41.0	15.0	1995	WHO
Philippines	50.6	8.0	2001	WHO
Viet Nam	50.7	3.5	1997-98	WHO

4.2. Smoking Demography

The prevalence of smoking among female-run households is very small compared to those run by males. There is a discernible upward trend of households' smoking prevalence from the region of Phnom Penh to Other Urban and Rural Areas. Household smoking prevalence is found to be higher among households having between 3 to 7 family members. There is no clear effect of level of education of head of household on household smoking prevalence. It is worth noting, however, that higher household prevalence of smoking is observed for households with head having either primary or over-secondary education. By marital status, the highest prevalence of smoking is observed among households run by a currently married head. This is understandable since most households are run by males and male-run households have the highest prevalence of smoking.

Figure 4. Smoking Demography



4.3. The Extent of the Problem

The following Table 2 describes the sample and the extent of the problem.

Table 2 Important Statistics	
Description	Data
Number of All Households	2,621,147
Household Smoking Prevalence	58.72%
Number of Smoking Households	1,539,196
Monthly Household Tobacco Spending in 2004, KHR	13,071
Total Monthly Tobacco Spending Nationwide, KHR	19,975,088,647
Monthly Total Tobacco Spending Nationwide, US\$	4,813,274
Retail Price of ARA brand, KHR	1000
Packs of Cigarettes Consumed Monthly	19,975,087
Mean Smoking Household Size	5.4
People Living with exposure to Environmental Tobacco Smoke, persons	8,040,468
Estimated Total Number of Children Under 13-years-old exposed to Environmental Tobacco Smoke, persons	2,734,670

The level of smoking expenditure reflects both smoking intensity and brand choice. Expenditures can be high because people smoke expensive cigarettes (high quality, high price) or because they smoke a lot (high quantity, but quality could be low), or both (smoke a lot of expensive cigarettes). We divided all smoking households into three groups to study their relative tobacco spending. According to our scale we called these households low spenders, medium spenders and high spenders on tobacco products. The spending of 15,000 Riels per month can be translated into at least fifteen packs smoked per month.

Regional comparison of the level of smoking expenditure in Figure 5 shows that smoking households in Phnom Penh are more likely to be the highest spenders on tobacco. The smoking households in Rural Areas have the lowest percentage of high spenders, but the highest percentage of low spenders.

Comparison between income groups of the level of smoking expenditure in Figure 6 shows that the percentage of high spenders increases as the income group of the household rises, and the percentage of low spenders is decreasing, the higher the income group.

Putting together Figures 5 and 6 reveals that households in rural areas of low income are more likely to spend small amounts of money on tobacco, albeit high smoking prevalence. On the other hand, households in Phnom Penh or other urban areas with high income will spend more on tobacco products. Unfortunately this simple message has been well captured by the tobacco industry and exploited in its marketing strategy. Currently expensive and imported brands of cigarettes flood the market in Phnom Penh and urban areas, while various cheap brands of cigarette, especially local ones, flood the markets in rural areas.

Figure 5 Smoking Expenditure on Tobacco Products by Regions

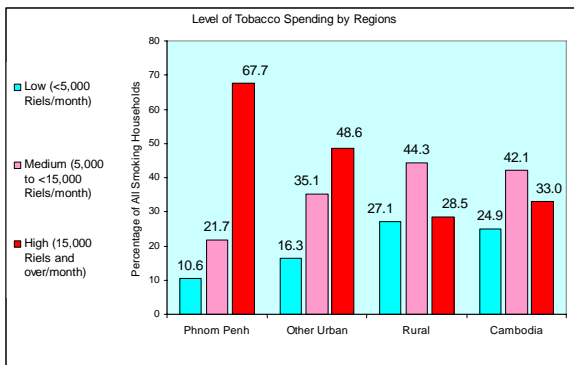
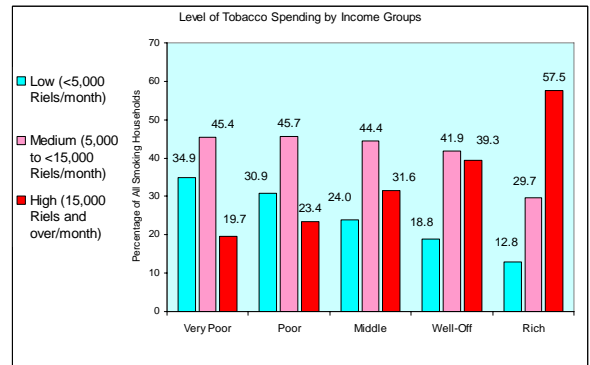


Figure 6. Smoking Expenditure on Tobacco Products by Income Groups



Section Five: Tobacco and Households' Expenditures

In this part, we investigate the differences between non-smoking and smoking households.

The monthly household spending on tobacco products nationwide was US\$ 5.83 million in 2004. The annual household expenditure on tobacco was over US\$ 57 million and exceeded most yearly-by-sector development assistance disbursements that Cambodia received from donor communities in each of the years 1999-2001². This amount also exceeded most of the by-sector planned amounts of the socio-economic development program into the SEDP-II³ for 2001-2005 of the Royal Government of Cambodia.

5.1. Households' Expenditure and Tobacco Consumption

The share of specific expenditure in total expenditure for smoking and non-smoking households derived from the 2004-CSES is presented in Table 3 by income group and represented by graphs in Figure 7 by geographical location

Almost all statistics in Table 3 shows that non-smoking households have higher expenditures on clothing, education, housing and other miscellaneous products than smoking households.

The bar graphs showing expenditure share of non-smoking and smoking households in Figure 4 also present similar situations as the statistics in Table 3: non-smoking households have higher expenditure on clothing, education, housing and other miscellaneous products than smoking households.

Almost all figures on medical care expenditure of smoking households in both the table and the figure are higher than that of non-smoking ones. However, special research is required to provide appropriate interpretation that smoking is really a cause of higher spending on medical care in smoking households.

Consequently we can say that most items of basic needs of Cambodian households are suffering from the spending on tobacco products.

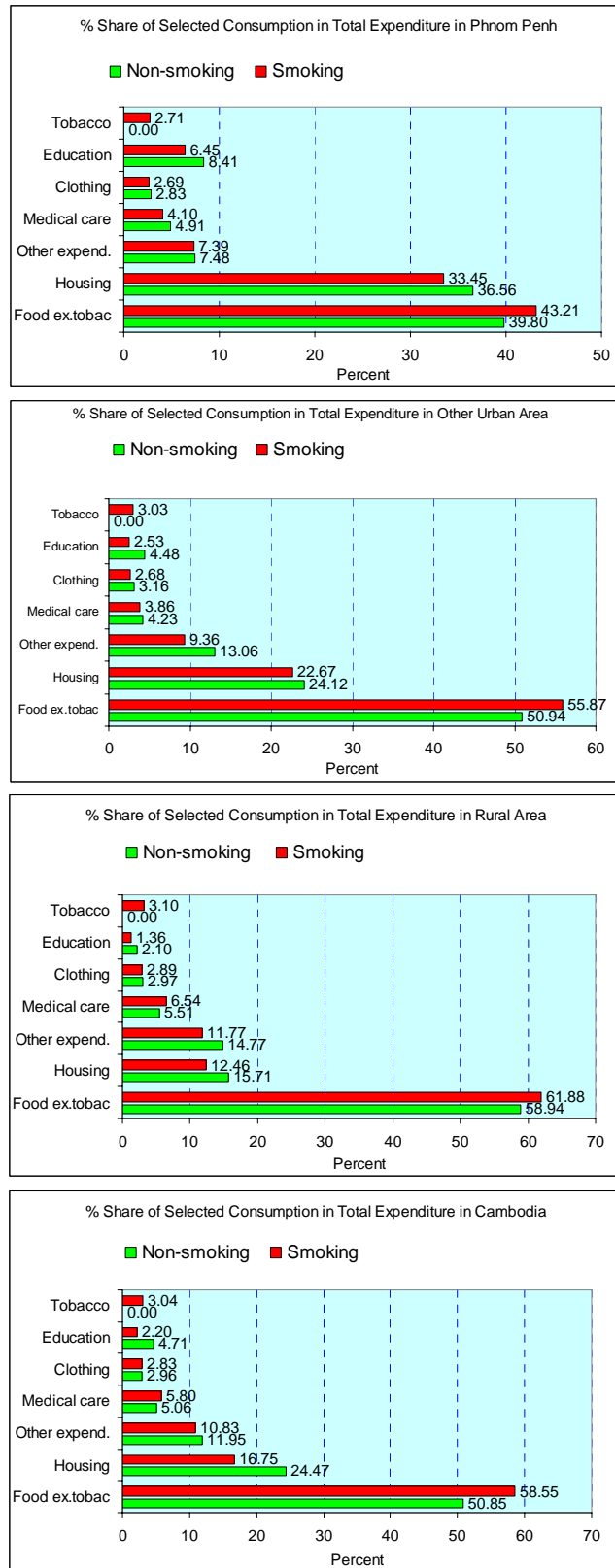
² Development Cooperation Report for the year 2001, Council for the Development of Cambodia, Cambodian Rehabilitation and Development Board, May 2002, page 18.

³ Socio-Economic Development Plan II (SEDP-II) for 2001-2005, the Royal Government of Cambodia.

Table 3. Average Monthly Households' Expenditure in Percentage of Total Expenditure

Smoking status	Income group	Food ex.tobac-alco	Clothing	Education	Medical care	Housing	Other expend.	Tobacco
Non-smoking	Very poor	67.29	2.80	1.28	7.54	14.85	6.24	0.00
	Poor	66.57	3.04	2.25	6.51	14.97	6.66	0.00
	Middle	65.46	2.97	2.73	5.51	15.59	7.74	0.00
	Well-off	57.84	3.01	3.67	6.12	20.86	8.50	0.00
	Rich	40.72	2.95	6.36	4.00	30.34	15.63	0.00
	All groups	50.85	2.96	4.71	5.06	24.47	11.95	0.00
Smoking	Very poor	68.76	2.70	1.34	6.97	12.69	3.92	3.62
	Poor	68.33	2.84	1.20	7.02	11.96	5.28	3.38
	Middle	65.04	2.92	1.53	6.49	15.26	5.56	3.21
	Well-off	63.51	3.15	2.05	6.48	14.33	7.26	3.21
	Rich	43.87	2.64	3.42	4.03	22.69	20.88	2.48
	All groups	58.55	2.83	2.20	5.80	16.75	10.83	3.04

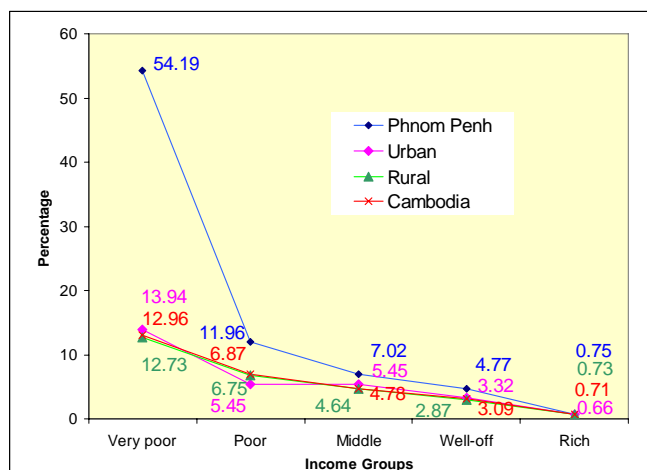
Figure 7. Average Monthly Households' Expenditure on Specific Products in Percentage of Total Expenditure



5.2. Average Share of Tobacco Consumption in Income

The graphical plotting of the amount (in percentage) of a family's budget devoted to monthly purchases of tobacco products in various regions as well as the whole of Cambodia reflects a unique downward pattern (the vertical axis shows percentage with zero at the bottom; the horizontal axis shows increasing ranking of income groups from left to right, with very poor on the left and richest on the right). This suggests that in each region households in the poorer income groups allocate a larger share of income on tobacco spending than the richer ones.

Figure 8. Median Share of Tobacco Consumption in Income



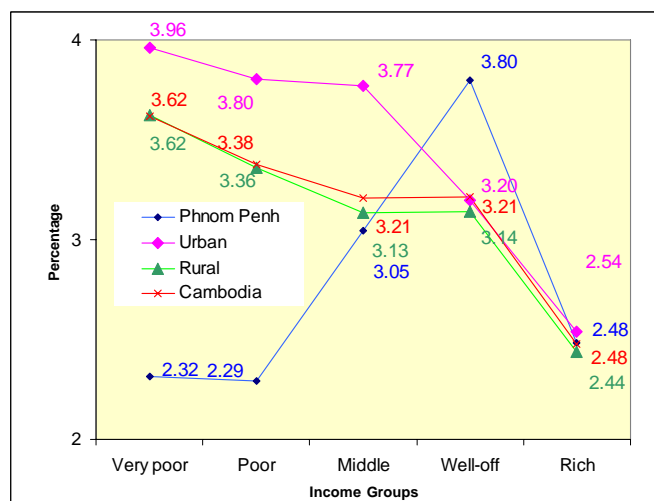
Rural households, which nearly allocate the same share of income to tobacco spending. This pattern is the reverse of smoking prevalence in the respective regions (Section 3.2 Smoking demography), but it is similar to Figures 5 and 6 in Section 4.3 on distribution of types of tobacco spenders. The most important message revealed by this figure is that poor households are allocating a higher income share to tobacco products.

By income groups, Phnom Penh households spend the largest share of their income on tobacco, followed by Other Urban and

5.3. Average Share of Tobacco Consumption in Total Expenditure

The graph below shows the percentage share of tobacco in total expenditure for Cambodian households in various regions by groups of income. Except for the region of Phnom Penh, a noticeable downward trend of share in total expenditure is observed from the very poor to the rich income groups. This means that the share of tobacco in total expenditure decreases as income rises.

Figure 9. Mean Share of Tobacco Consumption in Total Expenditure

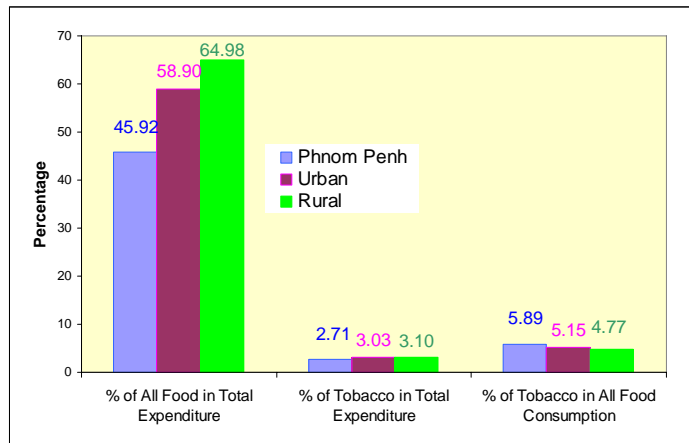


However, the corresponding share for the urban region is the highest as compared to Phnom Penh, rural areas and the whole of Cambodia.

For the region of Phnom Penh the tobacco spending of households in the well-off group of income stands out, as its share of tobacco spending in total expenditure is 3.8 percent, while the corresponding figures for other income groups are less than 3 percent.

5.4. How Much Is Food Equivalence of Tobacco Consumption by Typical Smoking Household

Figure 10. Share of Tobacco Consumption in Food Expenditures by Regions of Cambodia



those in rural areas.

In figure 8 we analyzed to what extent tobacco spending cuts into spending on food by regions of Cambodia. For all income groups in each region, there is an upward trend on food expenditures from Phnom Penh, to Other Urban areas, to Rural Areas. The same trend is seen for tobacco's share in total expenditures. However, we observe a downward trend for food equivalence of tobacco in terms of spending. Hence, tobacco spending represents 5.89 percent of all food expenditure for households in Phnom Penh, 5.15 for those in other urban areas and 4.77 percent for

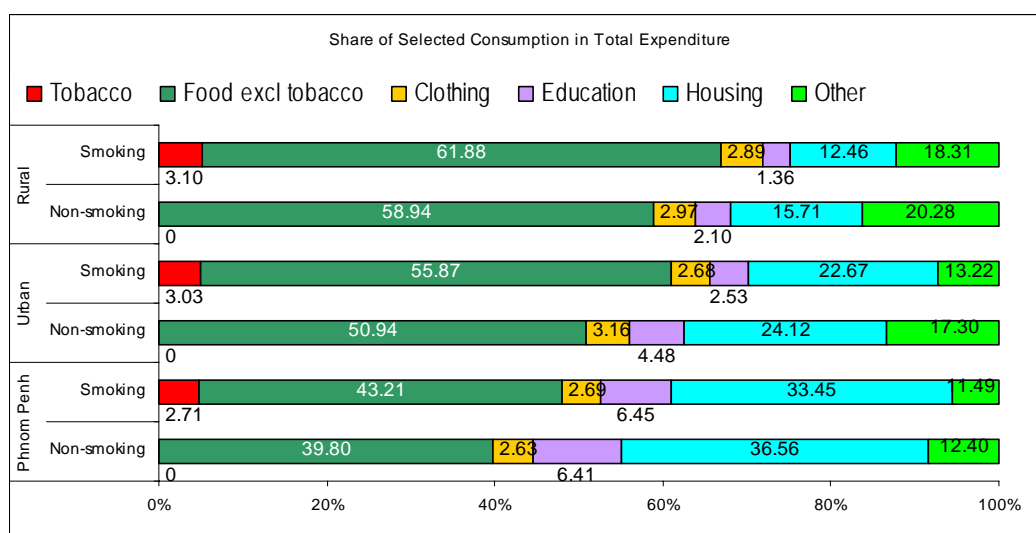
Section Six: Tobacco and Poverty

This Section shows how tobacco can affect households' welfare.

6.1. What Items of Basic Needs Suffer Most From Tobacco Spending

In Section Four, “Tobacco and Households’ Expenditure”, we see how by every group of income, smoking households lag behind non-smoking ones in terms of consumption on clothing, education, housing and miscellaneous expenses. Here we look into the comparison of the analogous shares of expenditures of both smoking and non-smoking households by regions of Cambodia. We aggregate medical expenditure with miscellaneous expenditure. The graph reveals similar important facts about the economic impacts of tobacco on households’ welfare in term of satisfaction of the most basic needs in the family. Except food, all items of expenditures suffer the most from tobacco spending.

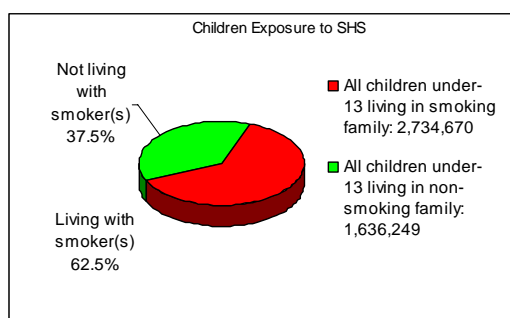
Figure 11. Share of Specific Consumption in Total Expenditure (Non-Smoking and Smoking Households) (2004-CSES)



If households did not spend their income on tobacco, their household expenditures on education, clothing and especially housing could be significantly increased. In Rural Areas, food expenditure would also benefit from savings on tobacco consumption.

6.2. Possible Children's Health Problem

Figure 12. Children's Exposure to SHS (2004-CSES)



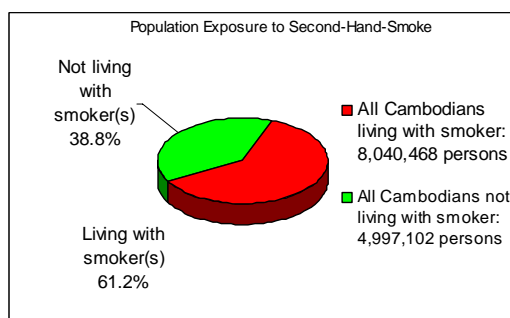
The long-term living of children in smoking families increases their risk of health problems due to their exposure to secondhand smoke (SHS)⁴.

According to the 2004-CSES data, about 62.5 percent of Cambodian children under 13 years old live in households with at least one regular smoker in the family. This equates to more than 2.7 million children who are involuntary victims of SHS.

In the future, these children who have regularly been exposed to SHS are more likely to suffer from diseases involving the respiratory tract such as lung diseases and breathing problems such as asthma (Health Canada). The risk of developing asthma among adults exposed to SHS during childhood will also increase (Health Canada).

6.3. Second Hand Smoke Exposure To Cambodian Populations

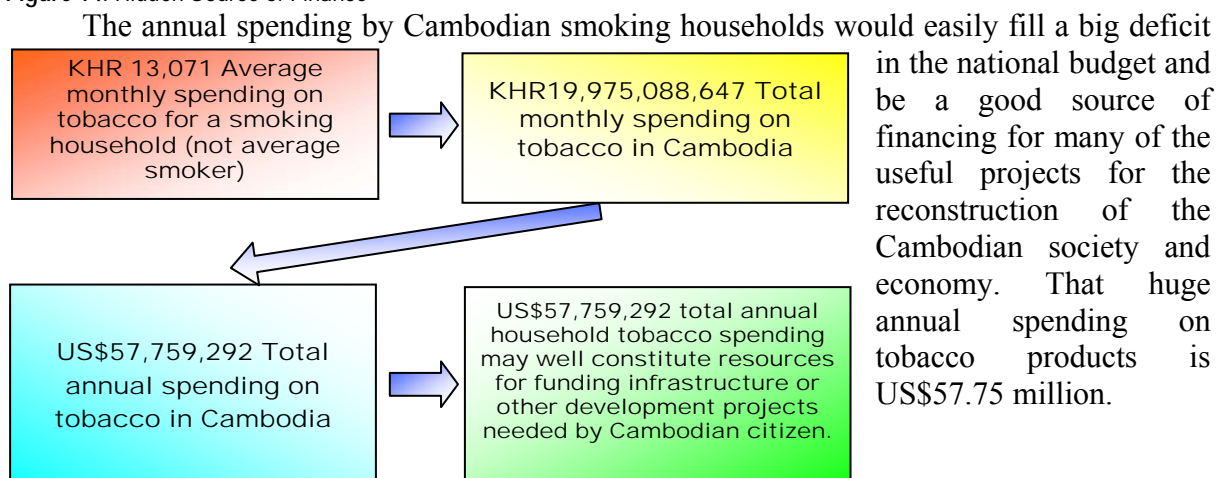
Figure 13. People Exposure to SHS



Not only children, but also all family members of smoking households might very probably seek health care due to the effect of SHS exposure in the same manner as children would in the future. This will constitute one of the potential reasons for an increase in health care costs to households as well as to the nation in the near future. This increase will be a future burden to the Cambodian economy. However the main burden is still the health impact of tobacco on smokers, not on SHS victims.

6.4. A Hidden Source of Financing

Figure 14. Hidden Source of Finance



⁴. Curbing the Epidemic, World Bank, 1999.

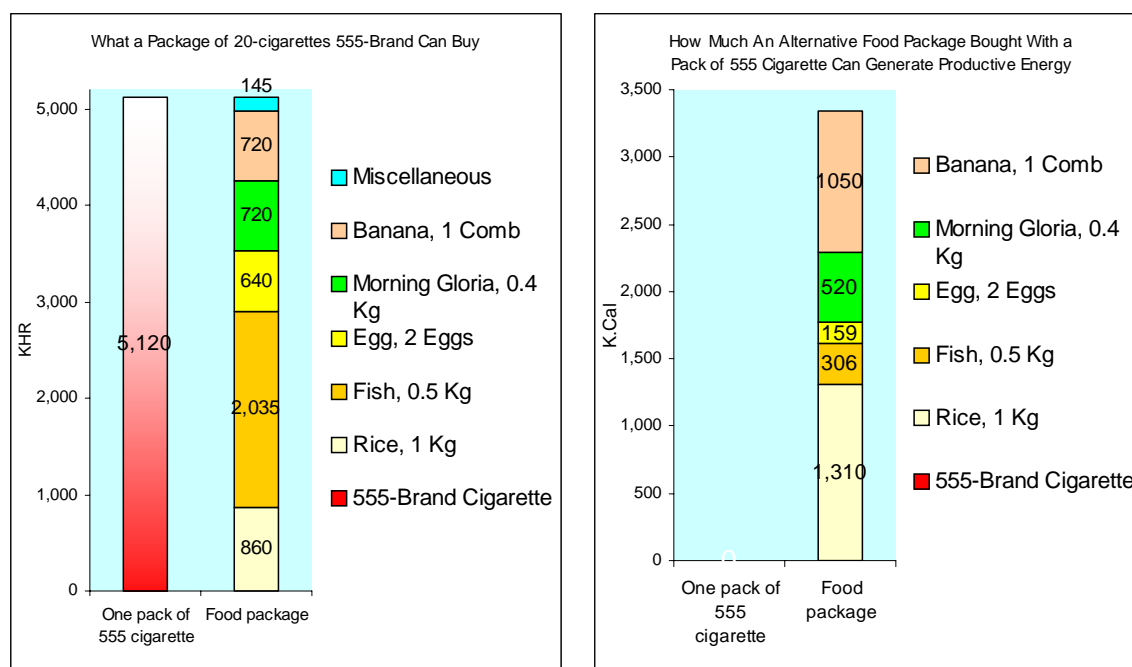
6.5. What a Pack of 555-Brand Cigarette can buy

The table below on the left together with the graph on right explains what a pack of 555-brand cigarette in Cambodia can buy.

Table 4. Food Package Equivalent to a Pack of 555 Cigarette (2004-CSES)

Tobacco and Food Items	Phnom Penh Region Price	Quantity	Amount, KHR	Food Package Content	Package Cost, KHR	Energy K.Cal
555-Brand Cigarette	5,120	0				
Rice, KHR/Kg		860	860	x	860	1,310
Beef, KHR/Kg		6,750	2,025			
Pork, KHR/Kg		13,560	4,068			
Chicken, KHR/Kg		7,470	2,241			
Fish, KHR/Kg		4,070	2,035	x	2,035	306
Egg, KHR/Egg		320	640	x	640	159
Morning Gloria, 1/4 KHR/Kg		180	720	x	720	520
Banana, KHR/Kg		720	720	x	720	1,050
Miscellaneous				x	145	
Total Package Cost, KHR					5,120	3,345

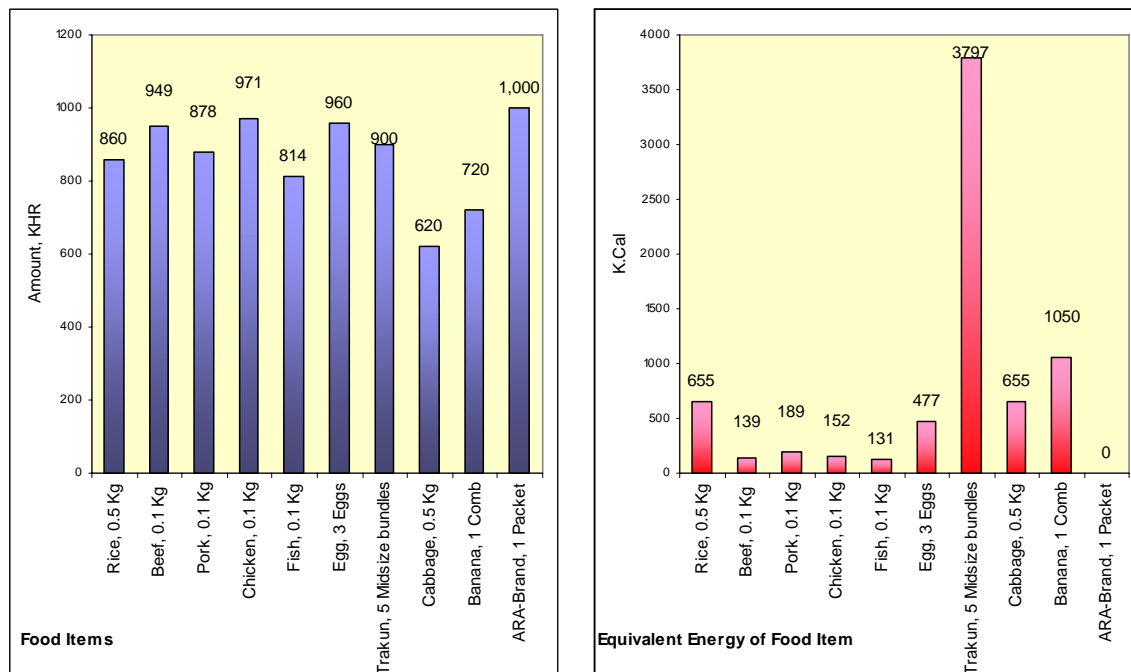
Figure 15 What a Pack of 555 Cigarette Can Buy And Its Energy Equivalence (2004-CSES)



A pack of 555 can buy up to Kcal 3,345 of food energy which can support productive activity such as physical labor, education that helps improve the standard of living, and health status.

6.6. What a Pack of ARA-Brand Cigarette can Buy

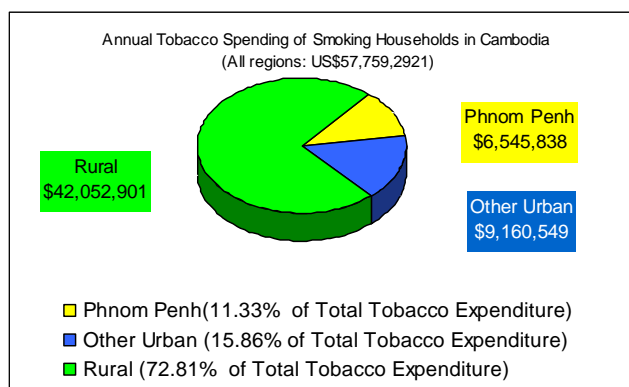
Figure 16. What a Pack of ARA Cigarette Can Buy (Food equivalence in term of material and energy provided) (2004-CSES)



Even for more popular and cheap local cigarettes such as ARA the opportunity cost of smoking is striking. A variety of products can be purchased with the money spent on cigarettes. Some of the selected useful nutritional substitutes can provide up to 3,700 Kcal of energy to the human body.

6.7. Areas Mostly Burdened by Tobacco Consumption

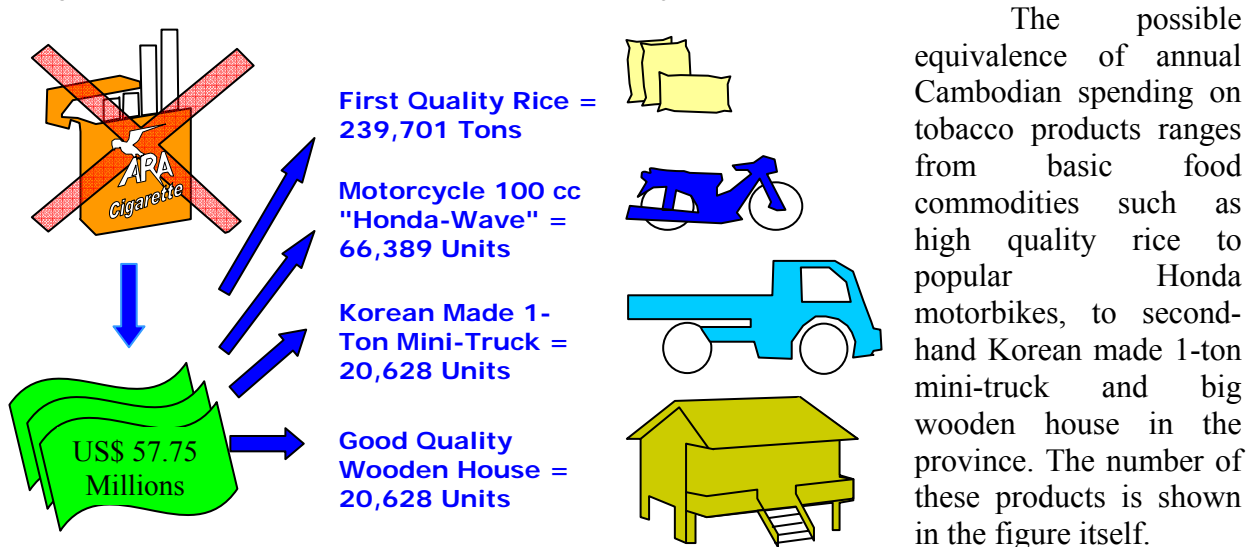
Figure 17. Areas Mostly Burdened by Tobacco Consumption (2004-CSES)



Total tobacco spending for the whole of Cambodia is evaluated as US\$57.75 million. While Rural Areas are the most populated region of Cambodia, they also bear the most burden of tobacco spending as the total tobacco spending in the Rural region is the highest in Cambodia. This aggravates the poverty situation in the rural areas, despite the tremendous efforts of the Royal Government of Cambodia to alleviate poverty in Cambodia, especially in rural areas.

6.8. Equivalence of Annual Cambodian Tobacco Spending

Figure 18. Equivalence of Annual Cambodian Tobacco Spending (2004-CSES)



The possible equivalence of annual Cambodian spending on tobacco products ranges from basic food commodities such as high quality rice to popular Honda motorbikes, to second-hand Korean made 1-ton mini-truck and big wooden house in the province. The number of these products is shown in the figure itself.

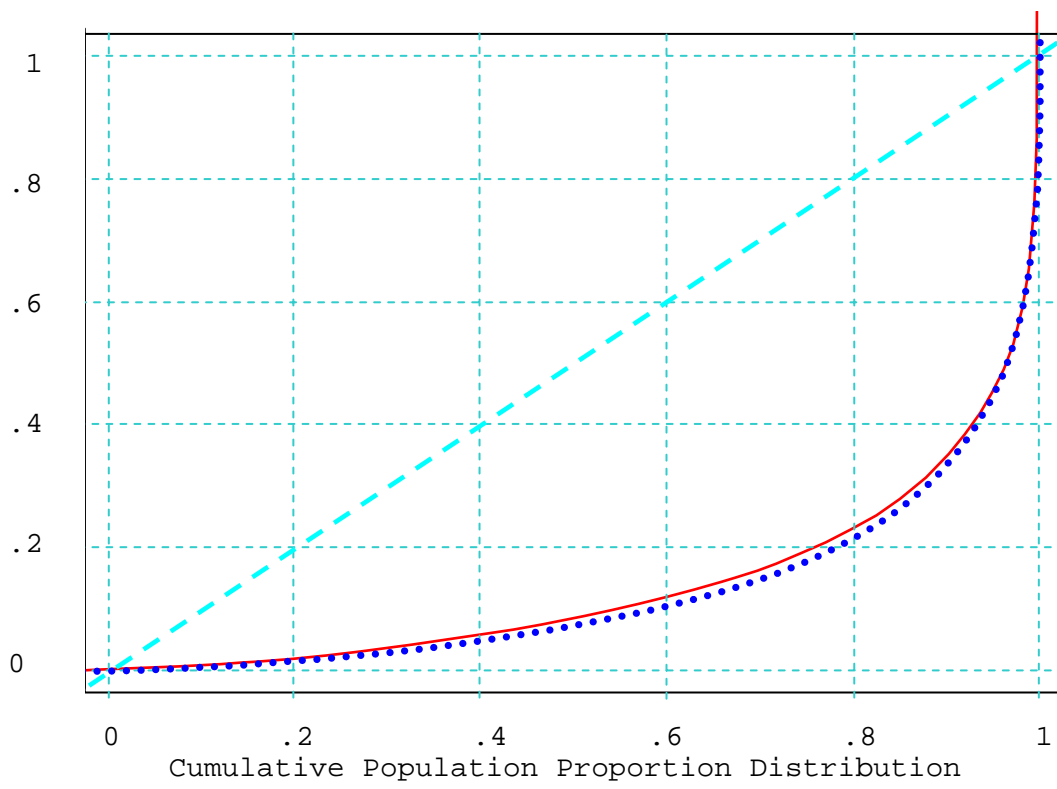
6.9. Inequality and Poverty Due to Tobacco

The prevailing poverty and inequality problem in Cambodian society can be attributed partly to the consumption of tobacco products. We will look into the results of superimposing two Lorenz curves to find out the increasing inequality in Cambodian society due to tobacco spending.

In a perfect society where income is fairly distributed among the population, the graph plotting the cumulative proportion of income against the cumulative proportion of the population will be a straight line running from zero to a total of one. In a rectangular box the line is its diagonal: this is the Lorenz curve of a special case of perfect equality. However, in real social settings the cumulative proportion of the population with their cumulative proportion of income does not follow the diagonal line, but lies below it. The more inequality in a society the further its Lorenz curve shifts away from the diagonal line.

Using the STATA command we obtained two Lorenz curves. The dash curve shows the situation of current income distribution of households. Had tobacco been excluded from the income, which would be the equivalent of total disposable income without considering tobacco spending, the cumulative income against population proportion distribution would follow the other Lorenz curve represented by the continuous curve. It is worth noting that the latter curve is nearer to the diagonal than the previous one. This hypothetical scenario blazingly illustrates that inequality in the society would decrease if no spending on tobacco were made. In fact, any alternative to tobacco spending will increase household welfare and standard of living, which inevitably leads to a subsequent reduction of inequality in the society.

Figure 19. Lorenz Curves With and Without Tobacco (2004-CSES)



Section Seven: Maximum Likelihood Estimation

In this part, we look into the statistical results of our regression estimate.

7.1. Result of the Maximum Likelihood Estimation

The number of households used in the estimation was 14,9882 households. The iterative estimation was successfully completed at seventeen step and the result of the estimation is presented in Table 5 below. The table also shows high fulfillment criteria of the constraints of additivity, homogeneity and symmetry imposed on the estimated parameters.

Table 5. Result of Maximum Likelihood Estimation of the Complete Demand System

Result of the Maximum Likelihood Estimation								constr.	
		food	clothing	education	medcare	Housing	tobacco		
alpha	Coef.	0.34558	0.05508	0.06712	0.07981	0.45009	0.00232	1	
	Std. Err.	0.02415	0.00821	0.0128	0.01786	0.02058	0.01294		
beta	Coef.	-0.12815	-0.00192	0.02263	0.02314	0.0916	-0.0073	0	
	Std. Err.	0.00173	0.00044	0.00056	0.00121	0.00151	0.00039		
gamma	Food	Coef.	0.12613	0.00068	-0.01585	-0.03065	-0.06587	-0.01444	0
		Std. Err.	0.00912						
	Clothing	Coef.	0.00068	-0.00149	0.00468	-0.00543	-0.00355	0.0051	-0.00001
		Std. Err.	0.00281	0.00201					
	Education	Coef.	-0.01585	0.00468	0.01107	-0.01867	0.01823	0.00054	0
		Std. Err.	0.00393	0.00236	0.0053				
	Medcare	Coef.	-0.03065	-0.00543	-0.01867	0.03929	0.01431	0.00115	0
		Std. Err.	0.00759	0.00308	0.00488	0.00926			
	Housing	Coef.	-0.06587	-0.00355	0.01823	0.01431	0.04186	-0.00498	0
		Std. Err.	0.00369	0.00101	0.00143	0.00281	0.00316		
	Tobacco	Coef.	-0.01444	0.0051	0.00054	0.00115	-0.00498	0.01264	0.00001
		Std. Err.	0.00433	0.00292	0.00414	0.00885	0.00316	0.01042	
	constr.		0	-0.00001	0	0	0	0.00001	

The computation of elasticity using the parameter estimate of the maximum likelihood is presented in two tables: a-) Uncompensated Own, Cross Price and Total Expenditure (Income) Elasticity and b-) Compensated Own and Cross Price Elasticity. The computation is made at the whole sample mean value of expenditure share and logarithmic price. For detail, comparison computation at sub-sample mean value among non-smoking and smoking households is also shown in the same table. However, we will discuss only the results for the whole of Cambodia as shown in the Table 8 and Figure 18.

a) Total Expenditure (Income) Elasticity:

All values of the total expenditure elasticity are of the expected sign, i.e. positive. Looking to the whole of Cambodia, the following points can be made. Three expenditure items are greater than one: education, medical care and housing. These items are therefore considered as luxury products and are very elastic, with education the most elastic of all. Three other items of expenditure have expenditure elasticity smaller than one, including tobacco with an elasticity of 0.6957. These latter items are considered as necessities, which

raises alarm for us as tobacco appears to be a necessary item, and it is the least responsive to change in total expenditure. Clothing and food items are fairly sensitive to the total amount of the available household expenditure budget. These values fairly reflect the current pattern of consumption behavior of Cambodian households.

b) Own Price Elasticity

All six product items have negative own price elasticity, which is expected. We notice that by absolute value of 1.0409, clothing is the only elastic item considered as luxury. With respect to its own price tobacco is fairly inelastic with absolute elasticity of 0.4899. The most inelastic product item is medical care with absolute values of 0.2547.

c) Cross Price Elasticity

The values of cross price elasticity show that tobacco is a substitute item of expenditure with respect to price of all products, except food. With respect to price of food, tobacco spending is a complementary item, which means that tobacco is a product to be consumed along with food as a complement product item and it hurts other expenditures by being their substitute and this is fairly well reflected in our previous discussion of the total expenditure and own price elasticity.

Table 6. Total Expenditure (Income) and Uncompensated Own, Cross Price Elasticity Computed at the Sample Mean and Sub-Sample Mean

		Uncompensated Own, Cross Price and Total Expenditure Elasticities						
		food	clothing	education	medcare	housing	tobacco	tot-expend
not-smoking:	food	-0.8082	-0.0010	0.0042	-0.0119	0.0305		0.8249
	clothing	0.0239	-1.0403	0.1327	-0.1362	-0.0597		0.9488
	education	-0.6094	0.1639	-0.7436	-0.7483	0.0880		1.7510
	medcare	-0.7319	-0.1138	-0.4867	-0.2217	-0.0355		1.5098
	housing	-0.4899	-0.0162	0.0302	-0.0090	-1.1364		1.5901
	tobacco							
smoking:	food	-0.8299	0.0052	0.0047	-0.0102	0.0236	-0.0223	0.8290
	clothing	0.0202	-1.0414	0.1430	-0.1461	-0.0662	0.1456	0.9449
	education	-0.9954	0.2549	-0.5265	-1.4064	0.2151	0.0581	2.4003
	medcare	-0.6359	-0.1236	-0.4563	-0.2767	-0.0158	0.0320	1.4763
	housing	-0.6081	-0.0531	0.0400	-0.0193	-1.1623	-0.0306	1.8335
	tobacco	-0.3491	0.1284	0.0399	0.0597	-0.0055	-0.6960	0.8226
Cambodia:	food	-0.8210	0.0026	0.0045	-0.0109	0.0264	-0.0290	0.8273
	clothing	0.0218	-1.0409	0.1385	-0.1418	-0.0634	0.1392	0.9466
	education	-0.7749	0.2029	-0.6506	-1.0304	0.1425	0.0812	2.0293
	medcare	-0.6744	-0.1197	-0.4685	-0.2547	-0.0237	0.0512	1.4897
	housing	-0.5487	-0.0346	0.0350	-0.0141	-1.1493	0.0005	1.7112
	tobacco	-0.5859	0.2156	0.0680	0.1014	-0.0048	-0.4899	0.6957

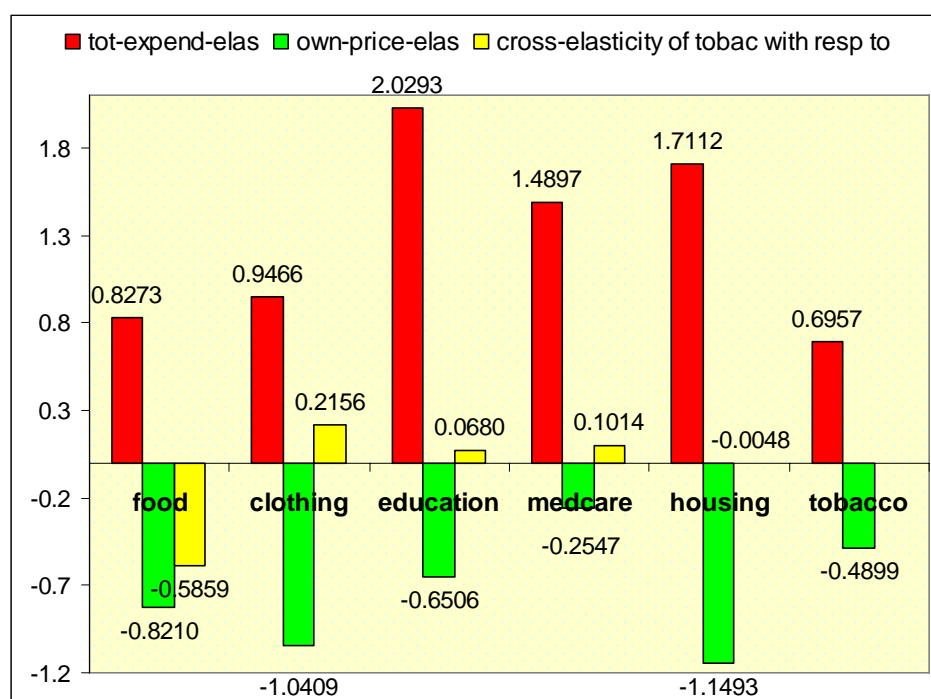
Table 7. Compensated Own, Cross Price Elasticity Computed at the Sample Mean and Sub-Sample Mean

		Compensated Own, Cross Price Elasticities					
		food	clothing	education	medcare	housing	tobacco
not-smoking:	food	-0.2045	0.0298	0.0291	0.0256	0.1586	
	clothing	0.7182	-1.0048	0.1613	-0.0931	0.0876	
	education	0.672	0.2295	-0.6909	-0.6688	0.3598	
	medcare	0.3729	-0.0573	-0.4412	-0.1532	0.1988	
	housing	0.6738	0.0433	0.0781	0.0632	-0.8896	
	tobacco						
smoking:	food	-0.2086	0.034	0.0181	0.0301	0.1147	0.0118
	clothing	0.7283	-1.0085	0.1582	-0.1002	0.0376	0.1845
	education	0.8034	0.3384	-0.4877	-1.2898	0.4789	0.1568
	medcare	0.4705	-0.0722	-0.4324	-0.205	0.1464	0.0928
	housing	0.766	0.0107	0.0696	0.0698	-0.9608	0.0448
	tobacco	0.2674	0.157	0.0532	0.0997	0.0849	-0.6621
Cambodia:	food	-0.2071	0.0323	0.0227	0.0282	0.133	-0.0091
	clothing	0.7242	-1.0069	0.1593	-0.0971	0.0586	0.1619
	education	0.731	0.2757	-0.6059	-0.9345	0.4038	0.1298
	medcare	0.4311	-0.0662	-0.4357	-0.1843	0.1681	0.087
	housing	0.7211	0.0268	0.0727	0.0667	-0.9289	0.0415
	tobacco	-0.0697	0.2406	0.0833	0.1342	0.0848	-0.4733

Table 8. Selected Elasticity

Selected Elasticity						
	food	Clothing	education	medcare	housing	tobacco
Total expenditure elasticity	0.8273	0.9466	2.0293	1.4897	1.7112	0.6957
Own price elasticity	-0.8210	-1.0409	-0.6506	-0.2547	-1.1493	-0.4899
Cross price elasticity of tobacco with respect to selected product	-0.5859	0.2156	0.0680	0.1014	-0.0048	

Figure 20. Own, Cross Price and Total Expenditure Elasticity for Non-Smoking Households



7.2. Tobacco, Poverty and Socio-Economic Status

The results of the estimation of the demand system and the derived values of elasticity show that tobacco is a threat to the well-being of Cambodian households as it is considered among the products of necessity, and is fairly inelastic with respect to its own price. It is a complementary product to food and a substitute to other items of basic need, including education expenditure, which can pose a serious threat to investment in human resource development and knowledge enhancement. This can further trigger the aggravation of household poverty.

Section Eight: Conclusion and Recommendation

A. Conclusion: Hidden Resource and Potential Risks behind Households Consumption of Tobacco

The values of cross price elasticity have shown that tobacco is a complement to food and a potential substitute for other products of basic need. This highlights the behavior of persistent consumption of tobacco products, which is aggravated by the intensive marketing and promotion strategies and activities currently implemented by the tobacco industry in Cambodia. The monthly household spending on tobacco products nationwide was US\$ 5.83 million in 1999. The annual household expenditure on tobacco was over US\$ 69 million and exceeded most yearly-by-sector development assistance disbursements that Cambodia received from donor communities in each of the years 1999-2001⁵. This figure drops slightly to US\$57.75 million according to the 2004 survey database. However, this amount still exceeds most of the by-sector planned amount of socio-economic development program into the SEDP-II⁶ for 2001-2005 of the Royal Government of Cambodia.

In terms of health conditions, 61.2% of the Cambodian population translated into 8.065 million Cambodians who would need health care in the future as a result of their exposure to secondhand smoke.

B. Recommendation

As a consequence, important recommendations are to be made as follows:

- Mobilized efforts are needed to tackle tobacco consumption
- Intensive anti-tobacco awareness campaigns should be implemented in Cambodia, especially in the rural areas, where the level of education of the population is low and facts about tobacco-related diseases are not known, nor recognized.
- An efficient starting point for tobacco control policy will be naturally to increase the tobacco tax to reduce demand for tobacco products.
- The measures should be accompanied by adoption of strict marketing regulations for tobacco products to reduce the public's exposure to tobacco products and to promote instead more educational programs to raise the awareness of the risks of tobacco products.
- Tobacco control must be incorporated into the poverty alleviation strategy of the Royal Government of Cambodia.
- To be effective as a component of the poverty alleviation strategy, the tobacco control policy must comprise a complete package of measures that would tackle the issues in all their social and economic dimensions.

C. Policy Implication

The implication deriving from the research discussion and conclusion can be expressed in terms of strategic measures suggested to ensure an efficient tobacco control policy while

⁵ Development Cooperation Report for the year 2001, Council for the Development of Cambodia, Cambodian Rehabilitation and Development Board, May 2002, page 18.

⁶ Socio-Economic Development Plan II (SEDP-II) for 2001-2005, the Royal Government of Cambodia.

ensuring the highest success of the poverty alleviation program of Royal Government of Cambodia:

- To mobilize efforts from a wide range of supporters to tackle tobacco control.
- To conduct more educational programs to raise the awareness of the imminent risk of tobacco products.
- To more explicitly provide evidence of the link of tobacco control to the increased success of the efforts of the Royal Government of Cambodia to implement the poverty alleviation program.
- To use the evidence found through research to persuade the Royal Government of Cambodia to incorporate tobacco control measures as a component of the poverty alleviation strategy.
- To help elaborate an effective and complete package of measures that would make the tobacco control component the most important contribution to the poverty alleviation program of the Royal Government of Cambodia.

Appendix I. Survey Questionnaire for 2004-CSES: Diary Record

09. NUTRITION

A. RICE CONSUMPTION

Respondents: All household members

Please provide information on nutrition for the household members

ID NUMBER	How much rice did ..[NAME].. eat yesterday?				
	Show the plate and enter number of plates. If a person didn't eat rice, enter "0" for that meal.				
	Enter "99" if data is not available for a person.				
	Note: If the quantity of rice is less than one plate, please record a half (0.5) or a quarter (0.25) of plate				
	For breakfast	For lunch	For dinner	Other	TOTAL
(1)	(2)	(3)	(4)	(5)	(6)
01					
02					
03					
04					
05					
06					
07					
08					
09					
10					
11					
12					

B. OTHER FOOD

Respondent: head of household, spouse of the head of household, or of another adult household member

Note: a palm is approximately 50 grams

FOOD NUMBER	TYPE OF FOOD	2. How many times in the past 7 days did your household consume ..[FOOD ITEM].. at home? If never, write '0' and ==> Next Item	3. How much in total did the household consume of this food in the last 7 days?	UNIT
(1)		(2)	(3)	
1	Eggs (any)			NUMBER
2	Fish/fish paste, squid, shrimp and prawns, etc.			KILOGRAM
3	Other meat (beef, pork, chicken, duck, etc.)			KILOGRAM
4	Green leafy vegetables			KILOGRAM
5	Orange vegetables (pumpkin, carrot, orange sweet potato, etc.)			KILOGRAM
6	Orange fruits (Ripe mango, ripe papaya, jackfruit, etc.)			KILOGRAM

C. VULNERABILITY

1 Did your family use iodized salt, yesterday?

1=Yes

2=No

8=Don't know

2 In the last 12 months, has this household had enough food all days or were there days and weeks with very little or no food so that the household had to starve?

1= Enough food all the last 12 months

(=>NEXT SECTION)

2= Not enough food

3 How many of the last 52 weeks did the household have so little food that it was starving?

N° WEEKS:

Write 0 if less than 1 week

02. EDUCATION AND LITERACY

Respondent: all household members aged 5 years and older

WEEK 1

Please provide information on all members aged 5 years and older who usually reside in this household.

ID NUMBER	Can ..[NAME]... read a simple message in any language?	Can ..[NAME]... write a simple message in any language?	Has ..[NAME]... ever attended school?	What is the highest level ..[NAME]... successfully completed?	Is ..[NAME]... currently in the school system?	What's ..[NAME]'s.. current grade?	Is the school public or private?	Is ..[NAME]... currently taking private lessons after school? (languages, math, science, music, sports)?	If below 18 years of age: Why is ..[NAME]... not attending (has never attended) school?
	1 = Yes 2 = No	1 = Yes 2 = No	1 = Yes 2 = No (=> 10)	90 = None 98 = Don't know 00 = Pre-school/Kindergarten 01 = Class one 02 = Class two... 11 = Class eleven 12 = Class twelve 13 = Secondary school certificate, 14 = Technical/vocational pre-secondary diploma/certificate 15 = Technical/vocational	1 = Yes 2 = No (=>10) If the child is on holidays, he/she must be considered as being in the school system	98 = Don't know 00 = Pre-school/Kindergarten 01 = Class one 02 = Class two... 11 = Class eleven 12 = Class twelve 13 = Secondary school certificate, 14 = Technical/vocational pre-secondary diploma/certificate 15 = Technical/vocational post-sec	1 = Public 2 = Private	1=Yes 2=No =>11	01-Don't want to 02-Did not do well in school 03-No suitable school available/school is too far 04-No teacher/Supplies 05-High cost of schooling/ No money 06-Must contribute to household income. 07-Must help with ho
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
01									
02									
03									
04									
05									
06									
07									
08									
09									
10									
11									
12									

02. EDUCATION AND LITERACY (CONTINUED)

Respondent: all household members aged 5 years and older

WEEK 1

Please provide information on all members aged 5 years and older who usually reside in this household.

ID NUMBER	Has ..[NAME]... ever attended non-formal class?	Is ..[NAME]... currently attending non-formal classes?	What kind of non-formal class is ..[NAME]... currently attending?	If yes in (col.6 or col. 9 or col.12), please fill up columns 14a-14h, otherwise, leave it blank and continue with next person. What were the educational expenses for ..[NAME]... during the past school year? Write 0 if no expenses If cannot separate it into the categories, write the total amount in column 14h							
	1 = Yes 2 = No (=> 14)	1 = Yes 2 = No (=> 14)	1 = Literacy programmes (6 months) 2 = Vocational training (Tailoring, motor repairing, Khmer classical music training, hairdressing... etc. 3 = Post literacy programmes (Agricultural training includes such as planting	A. School fees	B. Tuition	C. Text books	D. Other school supplies	E. Allowances for children studying away from home	F. Transport cost	G. Gifts to teachers, building fund etc.	H. TOTAL
(1)	(11)	(12)	(13)	RIELS (14a)	RIELS (14b)	RIELS (14c)	RIELS (14d)	RIELS (14e)	RIELS (14f)	RIELS (14g)	RIELS (14h)
01											
02											
03											
04											
05											
06											
07											
08											
09											
10											
11											
12											

07. DURABLE GOODS AND OTHER EXPENSES

Respondent: head of household, spouse of the head of household, or of another adult household member

WEEK 3

A DURABLE GOODS

ITEM NUMBER	How many of the following items does the household own? (Write '0' if none and => Next item)		Did you buy it, receive it as a gift, as pay for work or in other way?				How many of this(these) this .[ITEM]. were acquired or received...		For items bought or received within the last 12 months: What was the purchase value (or the imputed value) of all these .[ITEM]s.?	For items bought or received before the last 12 months: According to current prices, what do you think you could get if you sold .[ITEM]s.?
	ITEM	PRODUCT CODE	NUM-BER	1= Purchased	2= Payment for services	3= Received as a gift	4= Other (specify)	a. Within the last 12 months?		
(1)	(2)	(3)	(4a)	(4b)	(4c)	(4d)	(5a)	(5b)	(6)	(7)
Communication equipment										
01	Radio	801								
02	Television	802								
03	Telephone	817								
04	Cell phone	818								
05	Video tape/Recorder/ player	807								
06	Stereo	808								
07	Camera	809								
08	Satellite dish	824								
Personal transport										
09	Bicycle	803								
10	Motorcycle	804								
11	Car	829								
12	Jeep/Van	830								
Household equipment										
13	Sewing machine	806								
14	Refrigerator	810								
15	Kitchen/Stove	813								
16	Washing machine	819								
17	Dishwasher	820								
18	Freezer	821								
19	Vacuum cleaner	822								
20	Electric iron	823								
21	Electric fan	811								
22	Air conditioner	812								
23	Suitcases									
24	Generator	816								

WEEK 3

A DURABLE GOODS

ITEM NUMBER	How many of the following items does the household own? (Write '0' if none and => Next item)		Did you buy it, receive it as a gift, as pay for work or in other way?				How many of this(these) this .[ITEM]. were acquired or received...		For items bought or received within the last 12 months: What was the purchase value (or the imputed value) of all these .[ITEM]s.?	For items bought or received before the last 12 months: According to current prices, what do you think you could get if you sold .[ITEM]s.?
	ITEM	PRODUCT CODE	NUM-BER	1= Purchased	2= Payment for services	3= Received as a gift	4= Other (specify)	a. Within the last 12 months?		
(1)	(2)	(3)	(4a)	(4b)	(4c)	(4d)	(5a)	(5b)	(6)	(7)
25	Batteries									
Furniture										
26	Sofa set	814								
27	Dining set (dinning table + chairs)	815								
28	Bed sets									
29	Wardrobe, cabinets									
Computers										
30	PC	825								
31	Printer	826								
Recreation										
32	Musical instruments	827								
33	Sport instruments	828								
Water transport										
34	Rowing boat	831								
35	Motor Boat	832								
Agriculture										
36	Cart (pulled by animal)	805								
37	Tractor	833								
38	Bulldozer	834								
39	Plough	835								
40	Threshing machine	837								
41	Harrow/rake/hoes/spade/axe...	838								
42	Semi-tractor (Kou Yon)	839								
43	Rice mill	840								
44	Water pump	836								
Other items										
45	Other (specify)	841								
46	Other (specify)									

WEEK 3

B OTHER EXPENDITURES

No.	What was your household's expenditure on the following items during the indicated time periods? Write '0' if nothing	Time period	Value (in Riels)		
			In-cash expenditure	In-kind exp. or gifts given away	Total expenditure (Col 3 + Col 4)
(1)	ITEM		(3)	(4)	(5)
1	Clothing and footwear (tailored clothes, ready-made clothes, rain clothes, underwear, baby clothes, diapers, hats, shoes, boots, etc.)	Last 6 months			
2	Furnishings and household equipment and operation (curtain, household appliances, cooking utensils, servant's salary etc.)	Last 6 months			
3	Recreation (entertainment services, recreational goods and supplies, tourist travel)	Last 12 months			
4	Personal effects (costume/gold jewellery, handbags, wallets, wristwatch, clocks, umbrellas)	Last 12 months			
5	Special occasions, as funerals, weddings, parties, rituals, cash gifts, charity, etc.	Last 12 months			
6	Total 1 - 5				

14. HEALTH

Respondent: the head of household or the spouse of the head of household

WEEK 4

The following questions should be asked of the head of household, spouse of the head of household, or of another adult household member, if both head and spouse are absent.

A ILLNESSES DURING THE PAST 4 WEEKS Please provide information on all members usually residing in this household

ID NUMBER	How would you evaluate [NAME]'s health? 1=Very good 2=Good 3=Average 4=Bad 5=Very bad 6=Don't know	Compared with others of the same age would you say that [NAME]'s health is..... 1 - Much better 2 - Some what better 3 - About the same 4 - Some what worse 5 - Much worse 6 - Don't know	Does [NAME] have any disability? 01-Seeing difficulties 02-Hearing difficulties 03-Speaking difficulties 04-Moving difficulties 05-Feeling difficulties 06-Psychological difficulties 07-Learning difficulties 08-People who have fits 09- Other (specify) Enter 00 if none, =>> 6	What was the cause of the disability? 01-MeetUXO 02-Traffic Accident 03-Work Accident 04-Disease(s) 05-Old age 06-Congenital 07-Fever 08-Difficultly Delivery 09-Chemical Accident 10-Rape 11-Violent Attack 12-Domestic Violent 13-Suicide Attempt			Did [NAME] have any illness, injury or other health problem in the past 4 weeks? 1=Yes 2=No (=>> 13)	What kind of illness, injury or other health related symptom? 01-STOMACH ACHE 02-BACK PAIN 03-HEADACHE 04-EAR PAIN 05-EYE PAIN 06-FEVER 07-DIARRHOEA 08-COLD & COUGH WITHOUT RAPID OR DIFFICULT BREATHING 09-COLD & COUGH WITH RAPID OR DIFFICULT BREATHING 10-BRONCHITIS 11-PLEURISY 12-TUBERCULOSIS 13-DIABETES 14-DISEASE OF URINARY SYSTEM 15-DISEASE OF THE HEART 16-NEURALGIA 17-HYPERTENSION 18-TYPHOID FEVER 19-CHOLERA FEVER 20-CHICKENPOX 21-MENINGITIS 22-ENCEPHALITIS 23-CANCER 24-GENECLODY 25-AUTISMOSS AND OTHER NUTRITIONAL DEFICIENCIES 26-ANEMIA 27-JAUNDICE 28-SKIN DISORDER 29-EPIDIOY 30-MALARIA 31-FOOD BORNE DISEASE 32-WATER BORNE DISEASE 33-MENTAL DISORDERS 34-DROPSY (SWALLEN BELLY) 35-ARDS 36-MINE INJURY 37-ROAD ACCIDENT 38-OTHER INJURY 39-ANTENATAL CARE 40-POSTNATAL CARE 41-OTHER CARE NEED (
				1	2	3			1	2	3
				(1)	(2)	(3)			(4a)	(4b)	(4c)
01											
02											
03											
04											
05											
06											
07											
08											
09											
10											
11											
12											

A ILLNESSES DURING THE PAST 4 WEEKS (CONTINUED)

WEEK 4

The following questions should be asked of the head of household, spouse of the head of household, or of another adult household member, if both head and spouse are absent.

ID NUMBER	Did [NAME] seek care for any health problem in the past 4 weeks? 1=Yes 2=No (=>>10)	Which provider is usually consulted for care? 01 = Health Center 02 = Referral (or District) Hospital 03 = Provincial Hospital 04 = National Hospital 05 = Private Hospital 06 = Private Clinic 07 = Doctor's or Nurse's Home 08 = Dedicated drug store 09 = Other stop selling drugs 10 = Patient's home/ Dw	Was [NAME] hospitalised for the treatment/care during past 4 weeks? 1=Yes 2=No (=>> 12)	How many days was [NAME] hospitalised during past 4 weeks? N° OF DAYS	How much in total was spent on medical care in the past 4 weeks? RIELS	Does [NAME] use (hammock) mosquito net while sleeping? 1=Yes 2=No (=>> Next Person)	Were [NAME] nets impregnated with safe pyrethroid insecticide to prevent malaria transmission during the past 12 months, that is since [MONTH], last year? 1=Yes 2=No 3=Don't know
01							
02							
03							
04							
05							
06							
07							
08							
09							
10							
11							
12							

14. HEALTH (CONTINUED)

For all household members aged 15 and over

WEEK 4

B SMOKING INFORMATION

Please provide smoking information on all members of household aged from 15 years old and over

ID NUMBER	Are you a daily smoker? 1=Yes (=>> 5) 2=No	Does it sometimes happen that you are smoking? 1=Yes 2=No	Have you, at any time during your life, been a daily smoker? 1=Yes (=>>6) 2=No (=>>7)	How many cigarettes are you usually smoking per day? No OF CIGARETTES	For how many years in total have you been smoking daily? YEARS	Do you think smoking cigarettes can be harmful to one's health? 1=Yes 2=No 3=Don't know
01						
02						
03						
04						
05						
06						
07						
08						
09						
10						
11						
12						

08. CONSTRUCTION ACTIVITIES IN THE PAST 12 MONTHS

Respondent: head of household, spouse of the head of household, or of another adult household member

WEEK 3

1 Does the household own buildings used for residential, agricultural, commercial or industrial purposes? 1 = Yes 2 = No (=> NEXT SECTION)

Please fill up the following table below

BUILDING NUMBER	What is the building used for?			What is the total area for living or other use of the building?	How much would you have to pay to buy a building like this in the village?	How much would you have to pay per month to rent a building like this in this village?	Is any part of this building rented-out?	How much does your household receive in monthly rent for this building?	Was this building constructed, extended or repaired in the last 12 months, that is, since ..[MONTH].. last year?	What kind of work was it?	In what year and month did the construction start?		In what year and month did people start to use this building?	
	1=Residential 2=Agricultural 3=Commercial (purchase/sale of goods and services) 4=Industrial (manufacturing)				SQUARE METERS	RIELS	RIELS		RIELS		1=Constructed 2=Extension (=> 14) 3=Repair (=> 14)	MONTH	YEAR	MONTH
(2)	(3a)	(3b)	(3c)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11a)	(11b)	(12a)	(12b)
1														
2														
3														
4														

BUILDING NUMBER	Who built this building?	How much did you pay those who helped, hired or contracted?	How much did you spend for materials?	If not possible to separate labour and materials: How much were the total costs?	If anyone in the household has put in own labour try to estimate the value of it as if you had engaged someone to do it?	If anyone else not belongin to the household has put in own labour try to estimate the value of it as if you had engaged someone to do it?	For buildings not yet completed: What will be the estimated remaining cost of the building completed?
	1=Household members only 2=Household members and other relatives 3=Household members and hired help 4=Contracted builder 5=Other (specify)	Write '0' if nothing For building still under work the cost up till now	Write '0' if nothing For building still under work the cost up till now		Write '0' if nothing	Write '0' if nothing	
(1)	(13)	RIELS	RIELS	RIELS	RIELS	RIELS	RIELS
(1)	(13)	(14)	(15)	(16)	(17)	(18)	(19)
1							
2							
3							
4							

Appendix II. Table of Data Description

Table 9. Data Description and Descriptive Statistics

Descriptive Statistics						
Variable	Label	N	Minimum	Maximum	Mean	Std. Deviation
Q00_PROV	Province	15000	1	24	9.746	6.42631858
urbanity	Urbanity	14984	1	3	2.67371863	0.6372186
fsize	Household size	14984	1	15	4.98658569	2.00273963
hhsex	Sex of head	14984	1	2	1.22217032	0.4157189
hhage	Age completed of head	14983	18	95	45.1444971	13.7430464
hheduc	Highest level completed of head	15000	0	4	2.32753333	1.25987873
hhmarit	Marital status of head	15000	1	3	2.18026667	0.42526382
income	Household monthly income	14970	700	337146000	882548.673	4662866.76
expend	Household monthly expenditure	15000	8170	20424470	481015.135	711891.637
food	Food consumption excluding tobacco	15000	6520	4499490	263868.197	201771.548
clothing	Clothing spending	15000	80	666670	13923.1807	22740.376
educ	Education spending	15000	30	2544960	16356.1953	67038.0062
health	Medical spending	15000	540	7061010	26231.002	138359.907
housing	Housing spending	15000	8.0659E-304	20000000	98349.4613	438582.128
tobacco	Total tobacco spending	15000	0	456250	7612.6116	13610.0847
tobastat	Smoking status of household	15000	0	1	0.5824	0.49317994
groupinc	Group of income	14970	1	5	3.02130929	1.42180331

Report
Mean

tobastat	urbanity	groupinctob	Income	Total expenditure	All Food	Food excl. tobacco	Clothing	Education	Health care	Housing	Tobacco	
Withouttobacco	Phnom Penh	Very poor	53556	896211	377845	377845	28801	70080	158669	253938	0	
		Poor	150037	688007	314609	314609	17610	61491	50675	228167	0	
		Middle	263346	749217	334682	334682	15624	53397	55384	211686	0	
		Well-off	511853	783966	367755	367755	19003	47218	47575	254285	0	
		Rich	3389618	1495065	565969	565969	44295	134233	63752	569915	0	
		Total	2281229	1226684	488273	488273	34753	103119	60250	448485	0	
	Urban	Very poor	71281	327510	235824	235824	9430	4515	9241	40521	0	
		Poor	151498	372340	232660	232660	12358	11034	19615	85577	0	
		Middle	257654	435429	264659	264659	13339	13125	14994	95470	0	
		Well-off	495260	507939	307217	307217	17459	21162	21824	106205	0	
		Rich	4407597	1006351	442454	442454	31074	51749	43433	264414	0	
		Total	1990701	673192	342931	342931	21283	30178	28504	162349	0	
	Rural	Very poor	69345	227357	155272	155272	6292	2037	16826	32523	0	
		Poor	144918	265896	183892	183892	8060	4053	17677	31702	0	
		Middle	246148	292858	208339	208339	9181	5023	16581	32800	0	
		Well-off	458970	400140	253826	253826	12742	7992	27828	54781	0	
		Rich	3110271	800702	343450	343450	22771	24658	26919	167559	0	
		Total	690618	373456	220120	220120	11087	7827	20580	58665	0	
	Total	Very poor	69249	242325	163070	163070	6782	3100	18281	35977	0	
		Poor	145790	290098	193113	193113	8814	6527	18872	43440	0	
		Middle	248915	343218	224668	224668	10196	9368	18921	53501	0	
		Well-off	476563	495460	286570	286570	14912	18181	30329	103368	0	
		Rich	3518280	1093039	445048	445048	32294	69509	43766	331623	0	
		Total	1144378	552793	281092	281092	16365	26063	27950	135241	0	
	Withouttobacco	Phnom Penh	Very poor	44500	1040852	502830	478714	56717	75428	78289	308200	24116
			Poor	155900	813413	432953	414302	17864	50511	15791	293308	18651.08
			Middle	252776	582695	316704	298952	8186	40396	72258	116912	17751.56
Well-off			488244	613670	378071	354771	16450	32097	24256	143164	23300.43	
Rich			4756058	1426713	598263	562820	38479	95053	51877	518083	35442.94	
Total			2953050	1104035	506947	477080	29696	71232	45221	369351	29866.83	
Urban		Very poor	70244	247479	191496	181701	6810	8431	11129	23398	9795.248	
		Poor	150697	313237	224808	212898	7295	4178	13058	45139	11909.43	
		Middle	249049	359575	270545	256983	9297	4483	15502	49118	13562.58	
		Well-off	494624	513012	333691	317281	15687	11823	23880	108807	16410.1	

		Rich	3617636	934919	445421	421704	24147	28676	30393	266428	23716.84
		Total	1261386	546320	321804	305235	14654	13797	21079	123860	16569.3
	Rural	Very poor	71321	250519	181884	172808	6590	2565	17913	31333	9076.249
		Poor	145742	292578	210876	201041	8474	3174	21564	32942	9835.298
		Middle	244438	361794	245069	233734	10935	5008	23861	55425	11334.92
		Well-off	459792	421187	285760	272544	13612	6565	30691	47911	13215.45
		Rich	2449690	729906	352883	335079	19259	11987	34000	85052	17803.66
		Total	473457	372411	241984	230450	10778	5081	24344	46393	11533.59
	Total	Very poor	71092	254758	184395	175181	6889	3403	17760	32317	9213.466
		Poor	146181	297584	213395	203345	8448	3563	20887	35585	10049.44
		Middle	245142	365488	249418	237700	10689	5579	23724	55769	11717.87
		Well-off	467363	449597	300003	285555	14145	9236	29148	64421	14447.6
		Rich	3133625	902816	418413	396067	23853	30831	36414	204817	22345.78
		Total	695193	430499	265130	252056	12202	9455	24971	72122	13074.08
Total	Phnom Penh	Very poor	50073	951842	425916	416641	39538	72137	127753	274808	9275
		Poor	151809	725920	350388	344749	17687	58171	40129	247860	5639
		Middle	259890	694777	328805	323001	13193	49147	60900	180702	5803
		Well-off	503918	726731	371222	363391	18145	42136	39738	216939	7831
		Rich	3795081	1474783	575551	565034	42569	122607	60228	554535	10517
		Total	2490208	1188532	494082	484791	33180	93200	55575	423870	9290
	Urban	Very poor	70612	275890	207233	200915	7741	7041	10459	29477	6318
		Poor	151040	338534	228169	221356	9462	7112	15864	62447	6812
		Middle	252463	389676	268209	260029	10901	7912	15300	67512	8181
		Well-off	494939	510499	320578	312296	16564	16448	22862	107518	8282
		Rich	4061787	975081	443753	433370	28041	41649	37725	265296	10382
		Total	1610929	607127	331930	323302	17831	21648	24638	142307	8628
	Rural	Very poor	70525	241181	171155	165738	6470	2352	17475	31812	5417
		Poor	145474	283900	202100	195464	8339	3460	20300	32539	6637
		Middle	245018	338407	232608	225119	10340	5013	21391	47749	7489
		Well-off	459488	413415	273968	265633	13290	7092	29634	50448	8336
		Rich	2753514	762468	348544	338929	20874	17815	30743	123000	9615
		Total	554408	372800	233834	226599	10893	6105	22941	50967	7234
	Total	Very poor	70351	249763	175828	170316	6846	3281	17969	33788	5512
		Poor	146048	295043	206509	199872	8572	4569	20203	38252	6638
		Middle	246494	357507	240548	233029	10512	6937	22003	54956	7518
		Well-off	471301	469226	294254	285989	14473	13064	29654	81090	8264
		Rich	3345419	1007555	433078	423036	28501	52128	40462	274637	10042
		Total	882549	481508	271787	264167	13938	16383	26213	98449	7621

Appendix III. Table of Result of Maximum Likelihood Estimation

(using modified code originally contributed by Dr. Brian P. Poi, Expert at STATA Corp.)

alpha							
		Coef.	Std. Err.	z	P> z	[95% Conf. Interval]	
	1	0.3455849	0.0241494	14.31	0	0.298253	0.392917
	2	0.0550763	0.0082082	6.71	0	0.038989	0.071164
	3	0.0671178	0.012795	5.25	0	0.04204	0.092196
	4	0.0798141	0.0178623	4.47	0	0.044805	0.114824
	5	0.4500893	0.0205816	21.87	0	0.40975	0.490429
	6	0.0023176	0.0129443	0.18	0.858	-0.02305	0.027688
beta							
		Coef.	Std. Err.	z	P> z	[95% Conf. Interval]	
	1	-0.128151	0.0017339	-73.91	0	-0.13155	-0.12475
	2	-0.0019173	0.0004362	-4.4	0	-0.00277	-0.00106
	3	0.0226334	0.000564	40.13	0	0.021528	0.023739
	4	0.0231389	0.0012112	19.1	0	0.020765	0.025513
	5	0.0915963	0.0015055	60.84	0	0.088646	0.094547
	6	-0.0073003	0.000385	-18.96	0	-0.00805	-0.00655
gamma							
		Coef.	Std. Err.	z	P> z	[95% Conf. Interval]	
	11	0.1261253	0.0091248	13.82	0	0.108241	0.14401
	21	0.0006819	0.0028103	0.24	0.808	-0.00483	0.00619
	31	-0.0158519	0.0039335	-4.03	0	-0.02356	-0.00814
	41	-0.0306511	0.007589	-4.04	0	-0.04553	-0.01578
	51	-0.065865	0.003687	-17.86	0	-0.07309	-0.05864
	61	-0.0144391	0.0043345	-3.33	0.001	-0.02293	-0.00594
	22	-0.0014871	0.0020115	-0.74	0.46	-0.00543	0.002455
	32	0.0046846	0.0023638	1.98	0.047	5.17E-05	0.009318
	42	-0.0054274	0.0030793	-1.76	0.078	-0.01146	0.000608
	52	-0.0035531	0.001006	-3.53	0	-0.00552	-0.00158
	62	0.0051011	0.0029175	1.75	0.08	-0.00062	0.010819
	33	0.0110725	0.0053026	2.09	0.037	0.00068	0.021466
	43	-0.0186715	0.0048756	-3.83	0	-0.02823	-0.00912
	53	0.0182283	0.0014253	12.79	0	0.015435	0.021022
	63	0.000538	0.0041446	0.13	0.897	-0.00759	0.008661
	44	0.039292	0.0092645	4.24	0	0.021134	0.05745
	54	0.0143119	0.0028098	5.09	0	0.008805	0.019819
	64	0.0011462	0.0088543	0.13	0.897	-0.01621	0.0185
	55	0.0418623	0.0031631	13.23	0	0.035663	0.048062
	65	-0.0049845	0.0031631	-1.58	0.115	-0.01118	0.001215
	66	0.0126382	0.0104196	1.21	0.225	-0.00778	0.03306

Appendix IV. Calculation and Tables for Graphs Construction

Log of the STATA session on estimation of the demand system is recorded in text file:

lnl_laid_1original.log

Log of the STATA session on computation of elasticity is recorded in text file:

laid_ elast_camb.log

Table for graph in figure 2

Prevalence of Smoking		
Smoking Status	Households	Smoking Prevalence
Household with at least one smoker: 1,539,164	1,539,164	58.7
Household with no smoker: 1,081,984	1,081,984	41.3
Total	2,621,148	100.0

Table for graph in figure 3

Region	Sex	Individual Smoking Prevalence (15 yyears old or over)
Phnom Penh	Male	18.6
	Female	1.1
Other Urban	Male	36.1
	Female	3.6
Rural	Male	45.6
	Female	4.6
Cambodia	Male	41.2
	Female	4.1

Table for graphs in figure 4

Family Size, persons	Percentage
1	1.1
2	5.8
3	12.8
4	19.1
5	19.9
6	16.2
7	11.9
8	7.0
9	3.5
10	1.6
11	0.6
12	0.4
13	0.0
14	0.0
15	0.0

Region	With tobacco consumer(s)
Phnom Penh	4.97
Urban	12.51
Rural	82.52

Income Groups	Percentage
Very poor	20.3
Poor	22.5
Middle	21.7
Well-off	19.4
Rich	16.1

Age Groups	Percentage
up to 20 years old	0.2
21-35 years old	26.1
36-50 years old	38.2
51-65 years old	25.4
66 and over	10.1

Education Level of Head	Percentage
No or Preschool	0.2
Primary school	37.7
Lower secondary school	26.7
Higher secondary school	2.0
Over secondary or other	33.4

Marital Status of Head	Percentage
Never married	1.0
Married	85.7
Live together/Widowed/Divorced/Separated	13.3

Sex of Head	Percentage
Male	85.7
Female	14.3

Table for graph in figure 5

Smoking Expenditure on Tobacco Products by Regions				
	Phnom Penh	Other Urban	Rural	Cambodia
Low (<5,000 Riels/month)	10.6	16.3	27.1	24.9
Medium (5,000 to <15,000 Riels/month)	21.7	35.1	44.3	42.1
High (15,000 Riels and over/month)	67.7	48.6	28.5	33.0
	100.0	100.0	100.0	100.0

Table for graph in figure 6

Smoking Expenditure on Tobacco Products by Income Groups					
	Very Poor	Poor	Middle	Well-Off	Rich
Low (<5,000 Riels/month)	34.9	30.9	24.0	18.8	12.8
Medium (5,000 to <15,000 Riels/month)	45.4	45.7	44.4	41.9	29.7
High (15,000 Riels and over/month)	19.7	23.4	31.6	39.3	57.5
	100	100	100.0	100	100

Table for graphs in figure 7

urbanity	Smoking status	Food ex.tobac	Housing	Other expend.	Medical care	Clothing	Education	Tobacco
Phnom Penh	Non-smoking	39.80	36.56	7.48	4.91	2.83	8.41	0.00
	Smoking	43.21	33.45	7.39	4.10	2.69	6.45	2.71
Urban	Non-smoking	50.94	24.12	13.06	4.23	3.16	4.48	0.00
	Smoking	55.87	22.67	9.36	3.86	2.68	2.53	3.03
Rural	Non-smoking	58.94	15.71	14.77	5.51	2.97	2.10	0.00
	Smoking	61.88	12.46	11.77	6.54	2.89	1.36	3.10
Cambodia	Non-smoking	50.85	24.47	11.95	5.06	2.96	4.71	0.00
	Smoking	58.55	16.75	10.83	5.80	2.83	2.20	3.04

Table for graphs in figure 8

Income Groups	Phnom Penh	Urban	Rural	Cambodia
Very poor	54.19	13.94	12.73	12.96
Poor	11.96	5.45	6.75	6.87
Middle	7.02	5.45	4.64	4.78
Well-off	4.77	3.32	2.87	3.09
Rich	0.75	0.66	0.73	0.71

Table for graphs in figure 9

Income Groups	Phnom Penh	Urban	Rural	Cambodia
Very poor	2.32	3.96	3.62	3.62
Poor	2.29	3.80	3.36	3.38
Middle	3.05	3.77	3.13	3.21
Well-off	3.80	3.20	3.14	3.21
Rich	2.48	2.54	2.44	2.48

Table for graphs in figure 10

Selected Percentage	Phnom Penh	Urban	Rural
% of All Food in Total Expenditure	45.92	58.90	64.98
% of Tobacco in Total Expenditure	2.71	3.03	3.10
% of Tobacco in All Food Consumption	5.89	5.15	4.77

Table for graphs in figure 11

Region	Tabacco-Status	Tobacco	Food Ex Tobac	Clothing	Education	Medi-care	Housing	Other	Total Expenditure
Phnom Penh	Non-smoking	0	39.8	2.83	8.41	4.91	36.56	7.49	100
	Smoking	2.71	43.21	2.69	6.45	4.1	33.45	7.39	100
Urban	Non-smoking	0	50.94	3.16	4.48	4.23	24.12	13.07	100
	Smoking	3.03	55.87	2.68	2.53	3.86	22.67	9.36	100
Rural	Non-smoking	0	58.94	2.97	2.1	5.51	15.71	14.77	100
	Smoking	3.1	61.88	2.89	1.36	6.54	12.46	11.77	100

Table for graphs in figure 12

Children Exposure to SHS (Among all Cambodian children 4,370,919)	
Status	Percentage
All children under-13 living in smoking family: 2,734,670	62.5
All children under-13 living in non-smoking family: 1,636,249	37.5
All children: 4,370,919	100.0

Table for graphs in figure 13

Exposure to Second-Hand-Smoke (Among all Cambodian people: 13,037,571)	
Living Status	Percentage
All Cambodians living with smoker: 8,040,468 persons	61.7
All Cambodians not living with smoker: 4,997,102 persons	38.3
Total population: 13,037,571	100.0

Table for graphs in figure 15

Food Package Bought With One Pack of 555 Cigarette		
	One pack of 555 cigarette	Food package
555-Brand Cigarette	5120	0
Rice, 1 Kg	0	860
Fish, 0.5 Kg	0	2035
Egg, 2 Eggs	0	640
Morning Gloria, 0.4 Kg	0	720
Banana, 1 Comb	0	720
Miscellaneous	0	145
	5120	5120

Energy Generated From Food Package Bought With One Pack of 555 Cigarette		
	One pack of 555 cigarette	Food package
555-Brand Cigarette	0	0
Rice, 1 Kg	0	1310
Fish, 0.5 Kg	0	306
Egg, 2 Eggs	0	159
Morning Gloria, 0.4 Kg	0	520
Banana, 1 Comb	0	1050
Miscellaneous	0	0
		3345

Table for graphs in figure 16

Food Bought With One Pack of ARA and Energy Generated From Food		
Food Items	Amount	Energy Generated
	KHR	Kcal
Rice, 0.5 Kg	860	655
Beef, 0.1 Kg	949.2	139
Pork, 0.1 Kg	877.5	189
Chicken, 0.1 Kg	971.1	152
Fish, 0.1 Kg	814	131
Egg, 3 Eggs	960	477
Trakun, 5 Midsize bundles	900	3797
Cabbage, 0.5 Kg	620	655
Banana, 1 Comb	720	1050
ARA-Brand, 1 Packet	1000	0

Table for graph in figure 17

Annual Total Spending on Tobacco, \$US	
Region	Amount, \$US
Phnom Penh (11.33% of Total Tobacco Expenditure)	\$6,545,838
Other Urban (15.86% of Total Tobacco Expenditure)	\$9,160,549
Rural (72.81% of Total Tobacco Expenditure)	\$42,052,901
Cambodia	\$57,759,292

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