



The Impact of Increased Tobacco Excise Rates on Tax Revenues - Case of Georgia

Iza Bukia

Associate Professor, PhD in Economics, The University of Georgia, School of Business and Administrative Studies, Georgia, Tbilisi, M. Kostava street 77a, 0171.

Orcid: <https://orcid.org/0000-0003-4580-9359>

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ABSTRACT

Tobacco use is not only a public health issue, but also a significant economic issue. The number of tobacco users, excise taxes, and regulations directly impact the state budget, tax revenues, the labor market, and economic growth. Despite its high prevalence, regulating the tobacco sector is challenging, as it relies on market resistance, smuggling, consumer behavioral responses, and the differing economic capabilities of social groups.

In Georgia, as in many countries, the state budget receives significant revenues from tobacco excise taxes, which makes it possible to finance healthcare, education, and infrastructure programs. However, high excise taxes and other regulations, such as smoke-free zones and advertising bans, affect tobacco sales and market structure, partly contributing to smuggling and the growth of the black market, which leads to a decrease in state revenues.

Economic analyses show that reducing tobacco consumption through pricing policies (excise taxes, price increases) and regulations (marketing restrictions, smoke-free zones) may have negative budgetary impacts in the short term, but in the medium and long term, taking into account health, work capacity and labor market effects, it creates the potential for successful economic benefits.

Short-term losses include a partial reduction in revenues, an increase in smuggling, and in the long term - more effective monitoring of production and the impact of reduced consumption on market stability. In the future, the country's policymakers can use an integrated economic approach to control the consequences of tobacco use, increase tax revenues, reduce black market risks, and provide sustainable, long-term economic benefits to the state and society.

Corresponding Author:

Iza Bukia

Orcid: <https://orcid.org/0000-0003-4580-9359>

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INTRODUCTION

The tobacco sector in Georgia occupies an important place in the structure of the national economy, as a source of tax revenues and as a market that directly responds to price and regulatory changes. Tobacco excise is one of the most stable sources of revenue for the state budget, which is why tightening regulations, increasing prices, and reducing consumption create a multifaceted economic effect. The goal of state policy is to balance two directions: on the one hand, maintaining/strengthening budget revenues, and on the other hand, reducing the country's economic costs through reducing tobacco consumption, especially due to loss of working capacity and increased healthcare costs (WHO, 2023; World Bank, 2017).

Over the past decade, Georgia has significantly strengthened regulations: excise taxes have been increased, control over advertising and marketing has been intensified, and a smoke-free policy has been introduced. These changes have been accompanied by an

increase in tobacco prices, which is in line with international practice, according to which high excise taxes are one of the most effective tools for reducing consumption and increasing budget revenues (Joossens & Raw, 2020). However, according to economic studies, the increase in tobacco prices creates not only positive, but also undesirable consequences. A sharp increase in price increases the risk of smuggling, contributes to the activation of the illegal market, reduces the share of the official sector and directly harms tax revenues (Euromonitor, 2022).

Economic analyses indicate that the tobacco market's response to price and regulatory changes depends on several factors: price elasticity, consumer income levels, access to alternative products, and the quality of regulatory enforcement. (World Bank, 2017). From an economic perspective, state policy in such an environment should be aimed not only at price increases, but also at preventing smuggling, monitoring market consolidation, regulating alternative products, and ensuring the effectiveness of enforcement.

Furthermore, international experience shows that the long-term economic gains from reducing tobacco consumption often significantly outweigh the short-term losses that may arise from price increases. Reducing consumption reduces disability, increases workforce productivity, and reduces government spending on chronic disease management, which ultimately has a positive impact on economic development (WHO, 2023). Thus, evaluating tobacco policy requires a three-dimensional analysis: (1) budgetary implications, (2) market impacts, (3) long-term economic benefits.

Economic studies also emphasize the need for mixed-method analysis. Relying solely on excise and sales data does not provide a complete picture. It is necessary to combine: analysis of market behavior, socio-economic profile of the consumer, qualitative assessments (opinions of the business sector, quality of enforcement), and comparison of international practices. Such an integrated approach can reveal how effective existing policies are and whether a country risks exacerbating the black market or losing revenue. Tobacco control policy in Georgia has been undergoing significant transformation over the past decade, which is particularly evident in excise policy, smoke-free regulations, and monitoring measures implemented by state structures. As a developing economy, Georgia is among the countries with high tobacco consumption, which means that the results achieved through fiscal policy are of great importance not only in terms of healthcare, but also in terms of economic development. International experience shows that tobacco excise is one of the most effective and predictable sources of revenue, especially if regulations are consistently implemented (World Bank, 2017; WHO, 2023). One study assesses the given situation as follows: modeling the increase in cigarette prices (about 50%) has determined the following results, after all, the increase in tobacco taxes in Georgia will not harm the poor population, because they react very much to the price and, accordingly, significantly reduce consumption. Meanwhile, the rich do not change the amount of consumption. On average, the price elasticity under increased excise duty is as follows for the poorest: -0.96 and for the richest: -0.07. Fiscally, the result will be: under conditions of a 50% price increase: budget revenues will increase by 0.6% of GDP, the richest 20% will pay an additional 50% of the burden, the poor will have a reduced tax burden, because they reduce consumption (Tarlovsky, González, 2021). It is also worth noting that the World Bank draws attention in its studies to the fact that tobacco markets in low- and middle-income countries are often inelastic, especially in the short term (World Bank, 2017).

Within the framework of the WHO FCTC 2030 program (which started in 2016), which helps selected countries (including Georgia) to strengthen tobacco control policies (in low- and middle-income countries) - especially in the areas of taxation, packaging, advertising bans and national strategies - by 2030. It indicates that increasing taxes is the most powerful and economically effective policy to reduce tobacco consumption in a country. However, it is also noted that the best results are achieved by a combination of policies, including: increasing taxes, packaging regulations, advertising bans, cessation programs, laboratory standards, protection of non-smokers, etc. (Tauras, 2024). Against the backdrop of ongoing reforms, Georgia is cited as one of the successful examples of large-scale reforms in areas such as: tax policy, cigarette packaging requirements, bans, interdepartmental cooperation, etc. (WHO, 2024).

The increase in excise duties in Georgia since 2017 has led to a steady increase in tobacco excise revenues in the budget, indicating the effectiveness of fiscal policy, although this success is accompanied by systemic challenges such as the risk of smuggling, insufficient enforcement effectiveness, and the inconsistency of the excise structure with EU requirements. Experience from EU countries indicates that the economic effectiveness of tobacco control depends largely on enforcement, data quality, government policy coherence, and the structural design of excise duties (Joossens & Raw, 2020; OECD/WHO, 2021).

Therefore, the objectives of the presented study are:

1. Assessment of the economic consequences of tobacco excise in Georgia - **H1:** The impact of excise policy is characterized by an upward trend on budget revenues in Georgia (Quantitative Component – fiscal effect);
2. Comparison of the economic effectiveness of Georgia's tobacco policy with that of the European Union countries - **H2:** Comparison of the economic effectiveness of Georgia's tobacco policy with that of the European Union countries is characterized by an average level of compliance (Comparative Analysis – Georgia vs EU).

Overall, tobacco economic regulation in Georgia is a dynamic and complex process that involves both fiscal and market factors. Effective policy development is impossible without a deep, systematic analysis of economic data, market reactions, and regulatory outcomes.

The selection of countries for Cross-Country Comparison, when assessing the economic effectiveness of tobacco regulation, is usually done according to the following logic: for a fair comparison, countries with similar regional and income levels are selected, and as a so-called "benchmark" for an ideal model, a country with best practices is selected.

METHODOLOGY

The research methodology is based on a mixed approach, combining normative-analytical, comparative and quantitative research methods. This methodology was chosen to provide a comprehensive assessment of tobacco excise policy in Georgia, which requires both a detailed study of the legal framework and an analysis of international practice and empirical indicators.

The first part of the study includes a systematic review of the legal framework for tobacco excise regulation in Georgia. The analysis examined: the historical dynamics of relevant normative acts, where changes in tax rates are discussed, and their compliance with fiscal and public health policies of these reforms.

The second part of the study is based on a comparative research method, which involves analyzing the tobacco excise policy, its structure and results of different countries. For a fair comparison, countries with similar regional and income levels are taken, and also, as a so-called "benchmark" for the ideal model, a country with best practice is taken.

The empirical part includes a quantitative analysis based on multi-year series of budget revenues and the number of smokers. The data sources were: the Ministry of Finance of Georgia, the Revenue Service, and the National Statistics Service. The analysis includes: an assessment of dynamics (trends of annual changes), an assessment of the connections between the increase in the excise tax rate and changes in the number of smokers, and confirmation of the cause-and-effect assumptions from the above analysis.

The study is based on publicly available sources, which in some cases limits the detail of the indicators. Accordingly, the results are interpreted at a general level, with the aim of identifying systemic trends. Also, when comparing international data, different methodological standards create some bias in the comparative analysis.

Despite the limitations, the integration of multi-source data ensures a high level of reliability in the accurate identification of key trends and assessment of policy effects.

LITERATURE REVIEW

Overview of Georgian Legislative Norms

In order to fulfill Georgia's international obligations, reduce access to cigarettes, and thus encourage a healthy lifestyle, amendments were made to the Tax Code of Georgia.

It should be noted that Georgia's international obligations regarding excise taxes should be taken into account. Based on the Association Agreement with the European Union, Georgian tax legislation on tobacco and tobacco products is fully harmonized with European Union legislation in terms of the excise duty structure (Council Directive 2011/64/EU of 21 June 2011 on the structure and rates of excise duty applied to manufactured tobacco). As for the excise tax rate, Georgia must ensure approximation to the EU rates over a certain period of time. This envisages an additional increase in the excise tax rates on tobacco products in Georgia, which will lead to a significant increase in revenues received from excise taxes on tobacco products to the state budget. However, a sharp and immediate increase in the rate may lead to problems related to smuggling, so the rate will be increased gradually (Ministry of Finance of Georgia. 2024).

In Georgia, excise taxation, taxpayer identification rules and rates are regulated by the Tax Code of Georgia. Currently, the legislative regulation in Georgia regarding excise is as follows (Tax Code of Georgia. 2010): According to Article 182 of the Tax Code of Georgia: An excise tax payer is a person who: a) produces excisable goods in Georgia; b) imports excisable goods into Georgia; c) exports excisable goods; According to Article 183, the object of taxation is: a) taxable transaction; b) import of excisable goods; c) export of excisable goods; According to Article 185, the amount of excise duty for tobacco products, import of excise goods and export of excise goods is determined: by the quantity or weight of tobacco products and/or the retail selling price (g), and for raw tobacco and tobacco waste – by the weight of raw tobacco and tobacco waste (g1); In accordance with Article 188, the following excise duty rates (see Table N1) are determined for tobacco products:

Table 1. Types of tobacco products with excise rates

Commodity position code	Commodity position name	Unit of measure	Excise tax rate (GEL) and its effective date					
			01/01/2025	29/05/2024	15/12/2023	16/11/2019	01/01/2019	01/01/2018
2401	Tobacco raw materials, tobacco waste	1 kg	30	30	60	60		
2402 10 000 01	Cigars, cigarillos with cut ends, containing tobacco	1 stem	2.1	1.9	1.9	1.9	1.9	1.9
2402 10 000 02	Cigars (small cigars), containing tobacco	20 sticks	2.4	2.2	2.2	2.2	2.2	2.2
2402 20	Cigarettes, containing tobacco	20 sticks	1.9	1.7	1.7	1.7	1.7	1.7 / 0.6
2403 11 000 00	Tobacco for smoking with a hookah, <i>as specified in subheading note 1 to this chapter</i>	1 kg	30	30	60	60	35	35
2403 19	The rest	1 kg	30	30	60	60	35	35
2403 91 000 00	Homogenized or reconstituted tobacco	1 kg	30	30	60	60		
2403 99 100 00	Chewing or snuff (burnut) tobacco	1 kg	30	30	60	60	35	35
2404 11 000 00	Containing tobacco or reconstituted tobacco	20 pieces / sticks	1.85	1.7	1.7			
2404 12 000 00	The rest, with nicotine content	1 ml	1.2	1	1			
2404 19 900 00	The rest	1 ml	1.2	1	1			

Source: Tax Code of Georgia

Also, if we take into account the legislative changes made in Georgia in recent years in terms of excise tax, a clear trend of growth is visible (see Table N1) for a certain category of tobacco goods. The given table also shows the rates for newly added types of tobacco that were not previously considered.

In terms of regulating tobacco products, it is also worth noting the Law of Georgia on Tobacco Control, which aims to define and regulate legal relations in the field of tobacco control in order to reduce morbidity and mortality caused by tobacco consumption among the population of Georgia. It regulates a number of issues (e.g. standardized tobacco packaging, sales rules, locations of consumption restrictions) regarding tobacco products. For example, from October 1, 2024, the Rules for the Sale and Placement of Tobacco Products in Standardized Packaging came into force (Article 5¹), which stipulates that the sale and/or placement of tobacco products without standardized packaging is prohibited.

If we look at Georgia's past experience with tobacco product regulation, legislative changes, budget revenues, and the number of smokers, we will see that this part of Georgia is experiencing progress - the number of smokers is decreasing (57% according to 2015 data), as for budget revenues from tobacco, this period was also characterized by an increasing trend, and legislative norms have also become stricter over time (2013-2017) (Chikviladze, Bukia. 2017).

Comparison of legislative regulation with selected countries

For comparison with Georgia, countries from three different groups were taken: 1. EU countries that are particularly strict and effective in tobacco regulations (as benchmarks) - the example of Finland and Ireland was taken from them; 2. EU countries that are economically closer to Georgia - Bulgaria and Romania; 3. A post-Soviet EU country - Estonia, this country is particularly interesting because historically and institutionally they had a similar start to Georgia, but by adopting EU standards they have made significant progress.

Accordingly, the countries in question were selected based on the following characteristics: Estonia – a post-Soviet country, but with high efficiency; Romania – economically closer (to Georgia); Bulgaria – a low-income EU “benchmark”; Ireland – high standards, smoke-free policies; Finland – a “best-case” model.

The mentioned countries were compared with Georgia on several indicators: percentage of smokers, types of regulations, accessibility and tax policy, and evaluation/enforcement (see Table 2).

Table 2. Comparison with selected countries

Country	2024. Smoking prevalence (In the adult population aged 15+)	Types of regulations (smoke-free, packaging, advertising, etc.) / Anti-tobacco policy	Affordability & tax policy	Enforcement / Effectiveness
Georgia	28% (high in men, low in women)	Law of Georgia "On Tobacco Control" - bans on advertising, warnings, health warnings on packages, etc. Rules for the sale and placement of standardized packaging from 2024.	Excise duties increased; illicit trade is a significant problem	Enforcement mechanism weak; regulations formally exist
Finland	14-15% (one of the lowest in Europe)	One of the strictest models: smoke-free public spaces, complete ban on advertising, strong packaging/warnings	As an EU member - very high taxes (excise duties and tariffs) make tobacco relatively expensive; which makes it less affordable. (EU- level taxation frameworks apply) (Taxation and Customs Union).	Enforcement is very strong; the country aims for a smoke-free Finland by 2030
Ireland	17-18% low. Significantly lower than the EU average	Full packaging; ban on smoking in public spaces; almost complete ban on advertising and promotion; strict smoke-free policy. One of the "models" of regulated EU countries. (PMC)	As an EU member - very high taxes (excise duties and tariffs) make tobacco relatively expensive; which makes it less affordable.	Enforcement is high. Supervision is effective. Medical warnings.
Bulgaria	34-35% - Very high level	Regulations exist, but are relatively soft; less strong sanctions and oversight	Prices are among the lowest in the EU; low excise duty	Enforcement is relatively weak; high usage levels
Romania	26% (high in men, medium in women)	Smoke-free indoor policy is functioning well; significant restrictions on advertising; EU standard health warnings	Prices are below average, although excise duty is steadily increasing in line with EU directives.	Despite regulations, consumption is steep and enforcement of controls is mediocre.
Estonia	Approx. 21-22%	Regulations: smoke-free public spaces, ban on advertising/product demonstrations; ban on flavours (e-cigarettes/HTP), restrictions on sales (18+ only)	Tobacco excise duties and taxes are at the European level;	Despite regulations, consumption is high and enforcement is mediocre.

Sources: Several sources were used for this table¹.

It is also interesting to compare tobacco prices (Marlboro is taken as an example) with those of selected countries. This allows us to see, in the wake of implemented reforms and fulfillment of international obligations, what the current situation is in terms of average tobacco prices and what likely results we should expect if these obligations are fully fulfilled. Which naturally aims to increase the excise tax on tobacco and, accordingly, the increasing selling price of the given product.

Table 3. Price Rankings by Country of Cigarettes (Pack of 20, Marlboro)

Country	Average price (Pack of 20, Marlboro)	Ranking by price
Ireland	20.49 \$	3
Finland	12.88 \$	12
Estonia	6.91 \$	29
Romania	6.32 \$	34
Bulgaria	3.90 \$	63
Georgia	2.97 \$	82

Sources: https://www.numbeo.com/cost-of-living/country_price_rankings?itemId=17

Table N3 shows the average prices of specific tobacco types in selected countries and their world ranking according to the prices of the given product.

As for tobacco prices in general in Georgia (average prices of different cigarettes from 10 different manufacturers were taken), they range from \$1.80 to \$5.30 (Welcome to Georgia. 2025).

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RESULTS AND DISCUSSION

Impact of tobacco excise tax increase in Georgia on the state budget

The changes implemented in recent years emphasize the tightening of legislation regarding tobacco products. There are several reasons for this: firstly, the trend of increasing excise taxes is aimed at increasing budget revenues, while Georgia has international obligations under EU directives, and, taking into account WHO recommendations, the increased price of tobacco products will limit access to tobacco products.

It is interesting to see what the trend of smokers in Georgia has been in recent years. Information from the National Statistics Service of Georgia was used to determine the number of smokers in Georgia. The population aged 15 and over was separated from the total population. Additionally, the Global Smoking and Tobacco Harm Reduction study was retrieved, which provides both global statistics and specifically discusses the smoking rate (%) in Georgia by year. It is worth noting that this organization also has a percentage of smokers among consumers aged 15 and over. Accordingly, based on the information obtained from these two sources, the number of smokers in Georgia by year was calculated. Based on the above data, we have the following statistics (see Figure N1): The above diagram shows a trend of decreasing percentage of smokers. However, it is also worth noting that the 2021 data is significantly different from other years, which can be attributed to the precautionary measures imposed due to the global coronavirus infection.

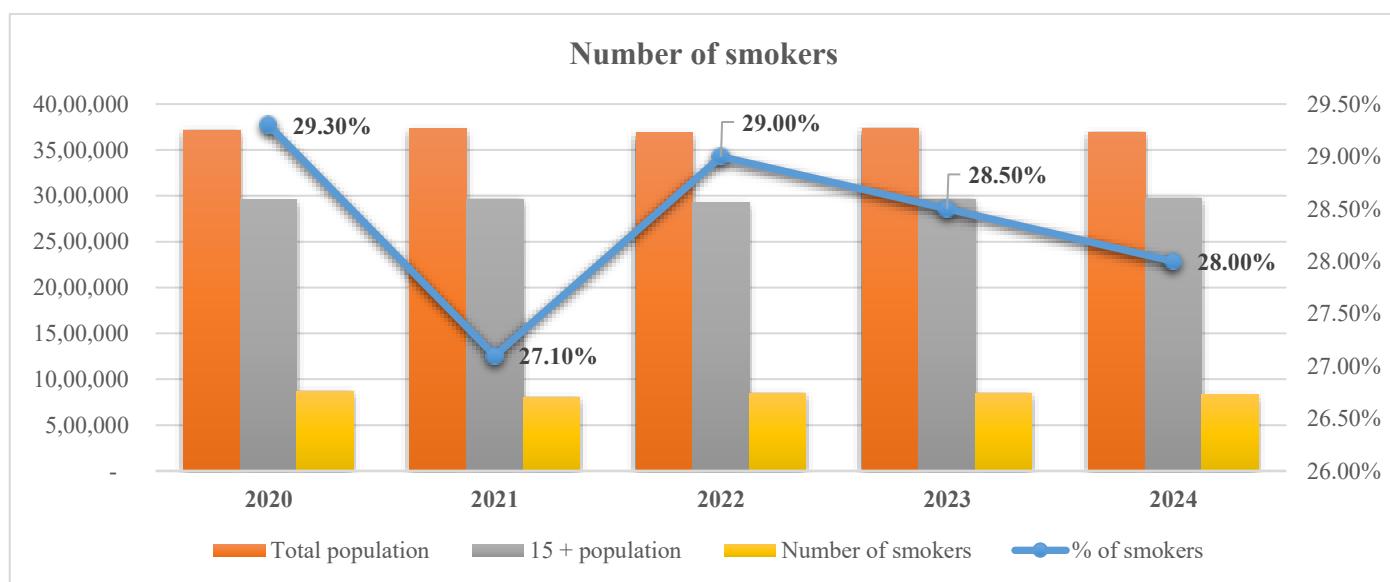


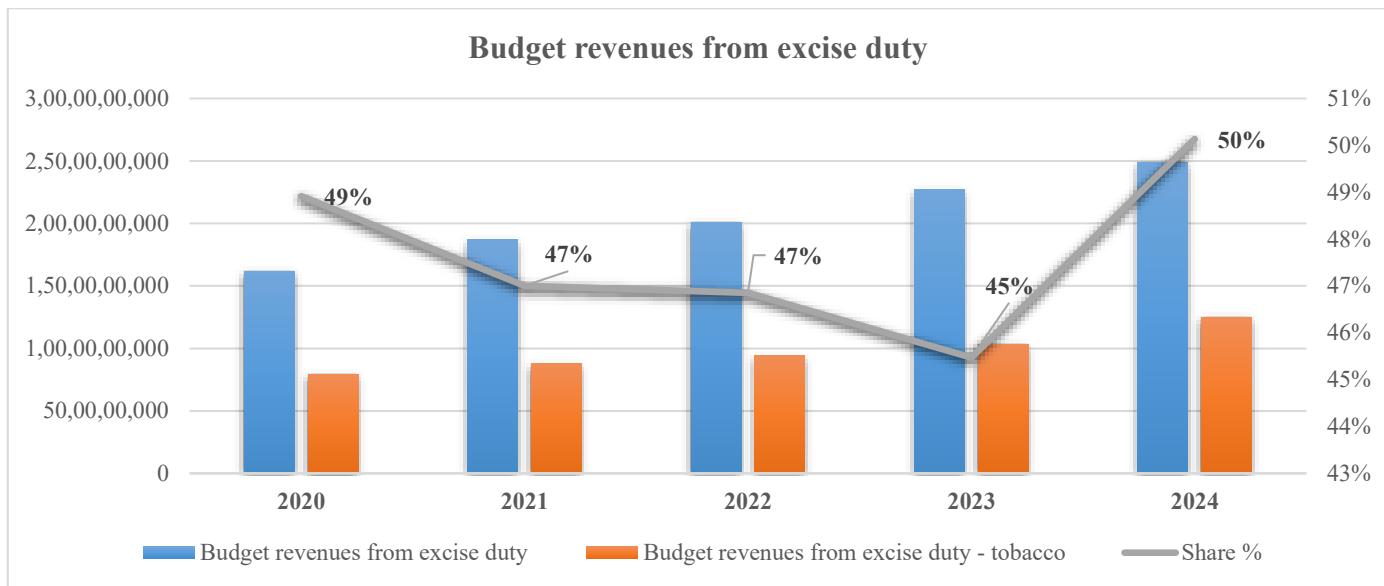
Figure 1. Number of smokers in Georgia

Source: Tobacco smoking in Georgia - Global State of Tobacco Harm Reduction and National Statistics Office of Georgia

However, it should be noted that despite the decreasing trend of smokers and the tightening of legislation in Georgia, Georgia currently ranks 20th in the world in terms of the number of smokers, which is not a favorable result (Data pandas. Smoking Rates By Country 2025).

In Georgia, as in many other countries, tobacco use is particularly prevalent among men (which is also confirmed by the Tobacco smoking in Georgia - Global State of Tobacco Harm Reduction study on Georgia, which separates the percentages of male and female smokers), although passive smoking in public spaces remains a problem. Tobacco control policies include smoke-free zones, bans on tobacco advertising, and fiscal measures, including increased excise taxes. Despite the existence of such regulations, their effectiveness is often incomplete, due to a lack of enforcement, public awareness, and behavioral factors.

As for the fiscal effect - in terms of changes in excise duty rates and budget revenues, statistics from recent years show an upward trend (see Figure N2). This upward trend is observed both in terms of general excise tax revenues in the budget, as well as in terms of excise tax paid directly on tobacco. This indicates that the price increase did not reduce the demand for cigarettes at a rate that would negatively impact the budget. This result is consistent with international experience: WHO, World Bank, and OECD indicate that tobacco markets in low- and middle-income countries are often inelastic (especially in the short term), meaning that the population continues to consume even when prices increase (World Bank. 2017).

**Figure 2. Budget revenues from excise duty (Including tobacco excise tax)**Source: State Treasury of Georgia - <https://treasury.ge/ka/revenues>

It is also interesting to analyze the export and import data in Georgia in terms of tobacco products. In terms of the proportion of imports and exports, we can say (see Table N4) that imports exceed exports.

Table 4. Comparison of tobacco product exports and imports by year

Commodity position name	2020		2021		2022		2023		2024	
	Import	Export	Import	Export	Import	Export	Import	Export	Import	Export
2401 Raw tobacco; tobacco refuse	2,418	41	4,741	232	11,401	7,399	4,928	112	5,789	991
240210 Cigars, cheroots and cigarillos, containing tobacco	462	281	439	203	829	66	937	19	1,163	111
240220 Cigarettes in packs, containing tobacco	88,459	28,682	101,356	29,241	129,659	61,907	159,346	76,774	160,214	63,870
240311 Tobacco for smoking with a "hookah", which may contain tobacco substitutes in any proportion	511	970	2,459	3,023	1,016	1,403	475	769	336	577
240319 Smoking tobacco, which may contain tobacco substitutes in any proportion, other than "hook-and-sniff" tobacco	6,598	13,959	9,790	23,229	9,511	26,180	15,138	35,547	25,409	50,264
240391 "Homogenized" or "reconstituted" tobacco, which may not contain tobacco substitutes in any proportion	190	-	136	-	166	70	134	-	125	-
240399 Tobacco extracts and essences	2,078	132	6,569	472	5,267	53	7,316	123	9,248	498
Total:	100,715	44,064	125,491	56,402	157,850	97,078	188,274	113,344	202,284	116,311

Import / Export - thousand US dollars

Source: National Statistics Office of Georgia

CONCLUSION

The study showed that Georgia's tobacco excise policy produces significant economic results and its fiscal efficiency has increased convincingly in recent years. The analysis of the H1 hypothesis revealed that the sustained increase in budget revenues before and after the excise tax increase reflects inelastic demand, which is consistent with the structural features of the market in middle-income countries, which are indicated by both the World Bank (2017) and WHO (2023). Thus, from a fiscal perspective, tobacco excise tax represents a relatively predictable and effective source of revenue for Georgia. However, a limitation in this area can be considered the lack of complete data on the scale of sales, domestic consumption, and smuggling in Georgia. To strengthen the analysis, it is recommended in this section to analyze prices and sales of tobacco products and calculate estimated losses.

The main challenge remains the management of smuggling and the shadow market - a component without which there is no sustainable economic effectiveness of excise policy in any country. Available international data (The Union, 2022) indicate that the

circulation of illegal products in the Eastern Europe and South Caucasus region significantly undermines the results of state policies. The lack of complete data in this direction in Georgia is one of the main limitations of the study.

The analysis of hypothesis H2 showed that Georgia's tobacco control policy, despite legislative progress, lags behind the EU countries in terms of economic effectiveness. The high effectiveness of EU member states is due to a strong institutional framework for enforcement, advanced smuggling prevention systems, a stable excise structure, and consistent policy implementation (Joossens & Raw, 2020; OECD/WHO, 2021). Against this background, it is essential for Georgia to systematically strengthen enforcement, improve data quality, and gradually bring the excise structure closer to EU standards. Also, the WHO 2023 Country Profile notes that "SMOKE-FREE ENVIRONMENTS" was rated 10 out of 10, and "ADVERTISING BANS" was rated 8 out of 10. As for the overall assessment, in the "CIGARETTES LESS AFFORDABLE SINCE 2012" section, this category was rated positively (WHO, 2023). However, the same report lists the relative shortcomings that the country has in this area, namely: "funds dedicated for enforcement" - that is, there is no funding allocated for supervising the implementation of laws; "complaint system that requires an investigation after a complaint" - that is, if someone wants to report a violation of the law, there is no mechanism for the report to be investigated.

According to the European Commission's 2025 report: „Georgia is partly aligned with the EU acquis on tobacco control and with the World Health Organization (WHO) Framework Convention on Tobacco Control (FCTC). Starting from April 2025, the regulation on standardised packaging of tobacco products entered into force. The sale and/or distribution of certain tobacco products in Georgia is allowed only in standardised (plain) packaging. Georgia needs to revise its national legislation to ensure compliance with the EU-Georgia Association Agreement and its FCTC obligations". An effective system to control and monitor the movement of excisable products is not in place. Georgia needs to increase the administrative and operational capacity of the customs service. Smuggling of tobacco products and other illicit activities in the regions close to the occupied breakaway regions remains a problem. There was little reported progress on strengthening measures to combat customs fraud and on acceding to the WHO FCTC Protocol to Eliminate Illicit Trade in Tobacco Products.”

Finally, the study confirms that Georgia is already making political and normative progress, although increasing economic efficiency requires strengthening institutional systems and improving data quality. These are the components that determine the country's ability to approach the level of EU countries in terms of economic efficiency of tobacco control.

As a final conclusion, we can say that despite the increase in excise rates, which is related to the fulfillment of international obligations, budget revenues from excise taxes (and tobacco taxes in particular) are characterized by an increasing trend. This conclusion is consistent with internationally established economic theories, according to which tobacco markets in low- and middle-income countries are often inelastic (World Bank, 2017). In Georgia, legislative regulations, in accordance with the accompanying changes, serve to increase the efficiency of control. Georgia has made progress in smoke-free environments, advertising restrictions, and excise tax increases, but the country still has structural weaknesses in terms of economic efficiency, especially in enforcement efficiency and control of the illegal market. This clearly shows that the political environment is progressive, but economic efficiency is relatively weak.

Therefore, we can say that Georgia is fulfilling its international obligations in this direction, however, it is also worth emphasizing the fact that this is a global and complex issue, which does not depend on actions taken in one specific direction. Accordingly, further studies should focus on price dynamics and, accordingly, on the elasticity of demand.

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