Alcohol taxation, pricing and packaging: experiences from Tanzania and opportunities for structural interventions targeting young people

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Outline

• Background
• Methods/sources of data
• Alcohol* taxation & revenue in Tanzania
• Alcohol packaging
• Alcohol use among young people in Tanzania
• Opportunities for interventions
• Conclusions

* This presentation covers only industrially produced alcohol
Background

- Young people in sub-Saharan Africa (SSA) are at risk of HIV infection.
- Alcohol use has been identified as one of the structural factors that put them at risk of HIV.
- A recent systematic review shows that alcohol use and problem drinking is high among young people in eastern Africa.
  - Over 50% reporting ever-use.
- Developing interventions to limit young people from accessing and abusing alcohol is important.
Background (2)

- Imposing high taxes on alcohol is one way of curbing the availability of cheap alcohol.

- Dependency on alcohol revenue in some countries in Africa make it difficult to control its consumption.

- A few countries less dependent on alcohol revenue have introduced levies to control consumption:
  - 30% levy in Botswana.
Methods/ sources of data

- Review of alcohol import and production data from the National Bureau of Statistics -NBS and the Tanzania Revenue Authority-TRA (between 2002-2012)
- Review of budget speeches (2005-2012)
- Qualitative research in Mwanza & Kilimanjaro (2013)
- Analysis of media reports (mainly print & blogs)
Alcohol taxation

There are three types of levies on alcohol products in Tanzania:

- Import duty (for imported products)
- Excise duty (for locally produced products)
- Value Added Tax – (for locally produced products)

Excise duty on alcohol has been increasing for the past ten years

- The increase is higher for spirits
Excise Duty Imposed on Alcohol in Tanzania

Year

Source: Finance Act
Alcohol revenue

- Revenue from alcohol constitute about 5% of the total government revenue
- Locally produced alcohol generate more revenue than imports
Revenue Projection, Total Revenue, and Alcohol Revenue in Tanzania

Projected Revenue in Billion Tshs
Collected Revenue in Billion Tshs
Revenue from Alcohol in Billion Tshs

Year

Source: Budget Reports and TRA
Revenue from Alcohol Out of Total Revenue in Tanzania

Source: Budget Reports and TRA
Revenue from Imported Alcohol in Tanzania
for the Period 2005-2011

Source: TRA and NBS
Excise Duty and VAT from Locally Produced Alcohol

- **Excise Duty in Million Tshs**
- **VAT in Million Tshs**

<table>
<thead>
<tr>
<th>Year</th>
<th>Excise Duty</th>
<th>VAT</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005/6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2006/7</td>
<td></td>
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<tr>
<td>2007/8</td>
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<td>2008/9</td>
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<td>2009/10</td>
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<tr>
<td>2010/11</td>
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<td></td>
</tr>
<tr>
<td>2011/12</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Packaging

Our hypothesis is that local industries cope with the increase in alcohol tax by packaging it in small volumes to make it affordable.

We take the case of locally produced spirits packed in small volumes (700ml & 1500ml) in plastic packages known as ‘sachets’ or *viroba* in Swahili.

Sachets are common in other countries in Africa such as Uganda and Malawi.

Zambia banned packaging alcohol in sachets in 2012.
Packaging (2)

• Sachets registered by the Tanzania Bureau of Standard (TBS) in 2007
• It is unclear when exactly they first appeared in the market
Discourse about the harm of alcohol sachets to youth at national level

On 9th May 2013 an MP (Ms Lediana Mng’ong’o) called for the ban of alcohol sachets (viroba) because they
- Affect national manpower (youth)
- Affect development programmes
- Create social problems

Contributing her views on the 2013/2014 budget of Ministry of Health and Social Welfare
Discussion in media and other forums

**Support for ban**
- Support arguments by MP

**Consequences of ban**
- Young people will go back to taking harmful local liquor such as *gongo*
- Imports will fill void as taking alcohol sachets is an entrenched drinking norm
Intention to address the issue from Government

Minister for Trade & Industry stated that government is planning to take various steps to address alcohol packaging in sachets.

Promised to involve stake holders

– Prime minister's office, MoHSW, MoEVC, MoF
– Owners of alcohol producing industries
Reaction from Industry
15 June 2013 Tanzania distillers organised a seminar with two parliament committees to educate them on sachets packaging etc

- Economy, industries and business
- Agriculture, livestock and water
Packaging products in sachets is common
Alcohol use among young people

Qualitative research carried out in Mwanza and Kilimanjaro shows that hard liquor packed in sachets (Viroba) is among 5 top types that young people consume.

Reasons for preference
- Cheaper
- Easy to carry

Purchase alcohol through earnings from paid casual work and other servings.
# Alcohol prices at local bars

<table>
<thead>
<tr>
<th>Type</th>
<th>Quantity</th>
<th>Price in Tshs</th>
<th>Equivalent price in GBP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beer</td>
<td>375ml</td>
<td>2,000-2,200</td>
<td>0.8-0.88</td>
</tr>
<tr>
<td>Beer</td>
<td>500ml</td>
<td>2,000-2,200</td>
<td>0.8- 0.88</td>
</tr>
<tr>
<td>Cheap beers</td>
<td>500ml</td>
<td>1,200-1,500</td>
<td>0.48- 0.6</td>
</tr>
<tr>
<td>Hard liquor</td>
<td>500ml</td>
<td>7,000</td>
<td>2.8</td>
</tr>
<tr>
<td>Hard liquor</td>
<td>200ml</td>
<td>3,500</td>
<td>1.4</td>
</tr>
<tr>
<td>Hard liquor packed in sachets</td>
<td>100ml</td>
<td>1,500</td>
<td>0.6</td>
</tr>
<tr>
<td>Hard liquor packed in sachets</td>
<td>50ml</td>
<td>700</td>
<td>0.28</td>
</tr>
</tbody>
</table>
Opportunities

- Discourse for ban of sachets already at national level
  – in parliament, media, other forums

- Verbal commitment from government to address the issue

- Research documenting use and harm among young people

- National Alcohol policy formulation ongoing
  – NIMR Mwanza part of team
Challenges

- Resistance from Industry
  - PR campaigns in media
  - Lobbying various stake holders

*Key arguments against ban of sachets*
- Government will lose revenue
- Trade wars
- Imports will sustain supply
Conclusions

- Need to keep the discourse about ban of alcohol sachets in national limelight

- Provide data (from research and analysis) on the ‘cost of alcohol’
  - Public health (HIV, NCDs etc)
  - Burden on government revenue

- Provide information to facilitate evidence based interventions
Conclusions (2)

Achieving ban is possible as in other countries in region