

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

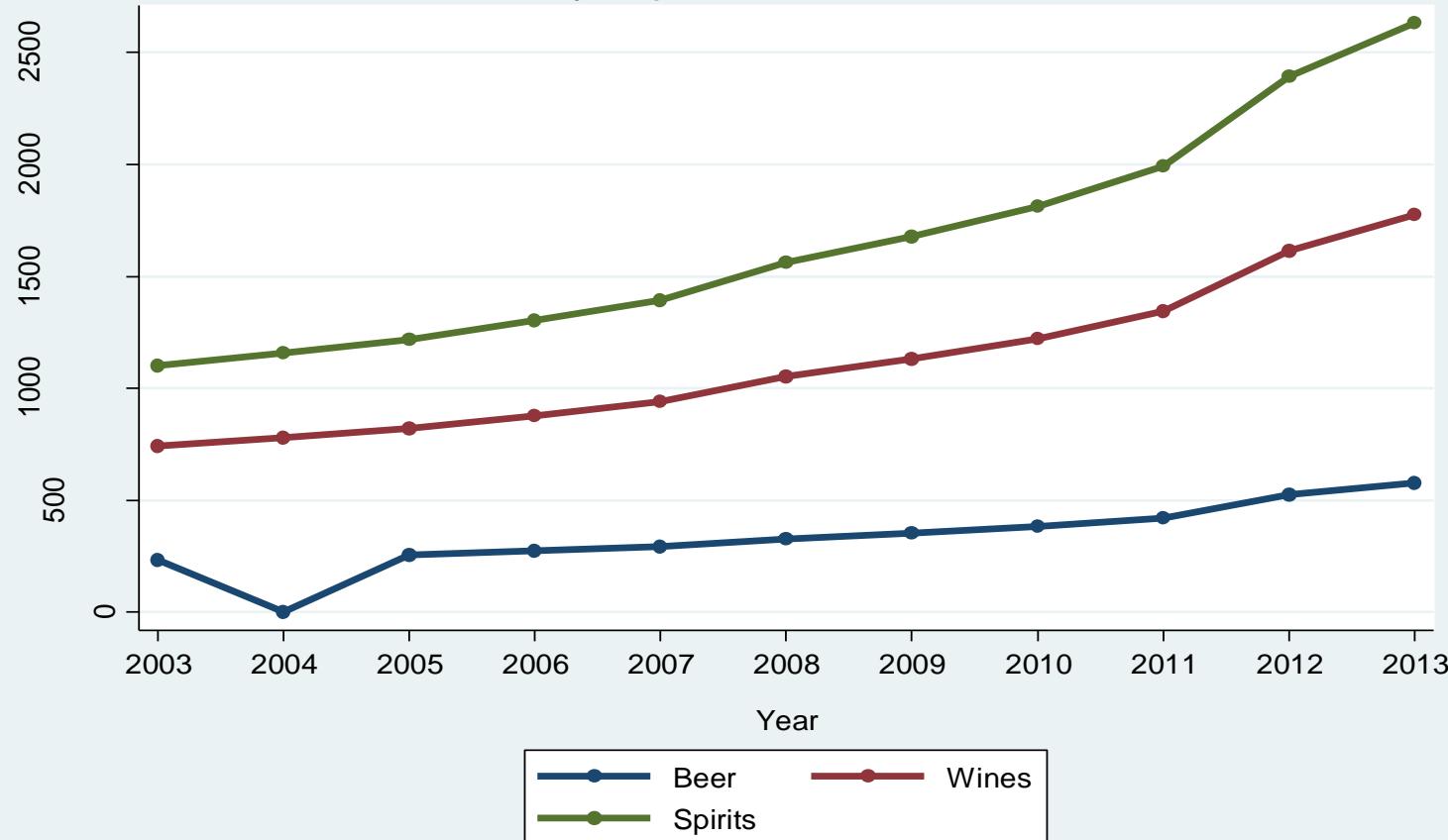
- ▣ Review of alcohol import and production data from the National Bureau of Statistics -NBS and the Tanzania Revenue Authority-TRA (between 2002-2012)
- ▣ Review of budget speeches (2005-2012)
- ▣ Review of finance Acts (2003-2013)
- ▣ Qualitative research in Mwanza & Kilimanjaro (2013)
- ▣ Analysis 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

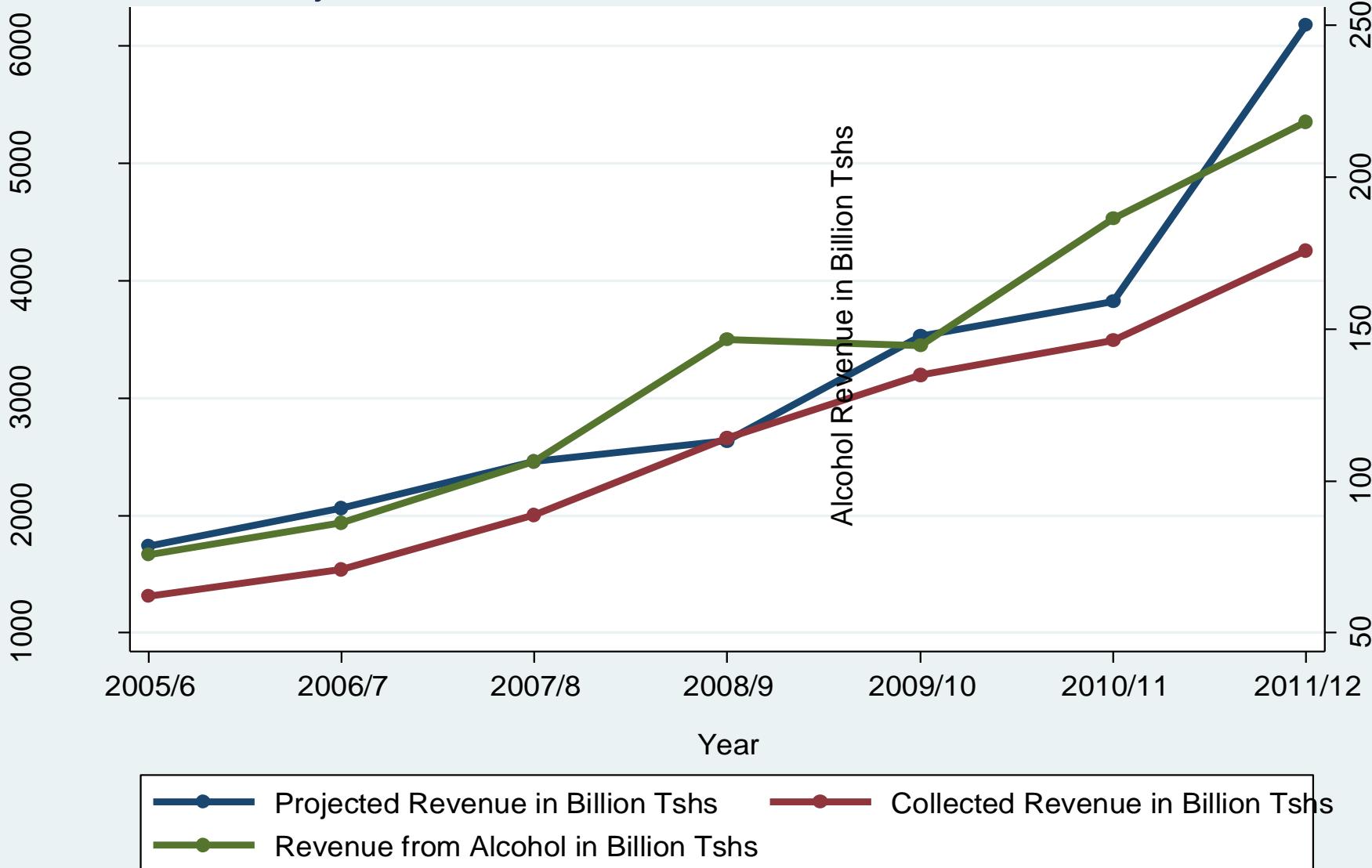


Source: Finance Act

Alcohol revenue

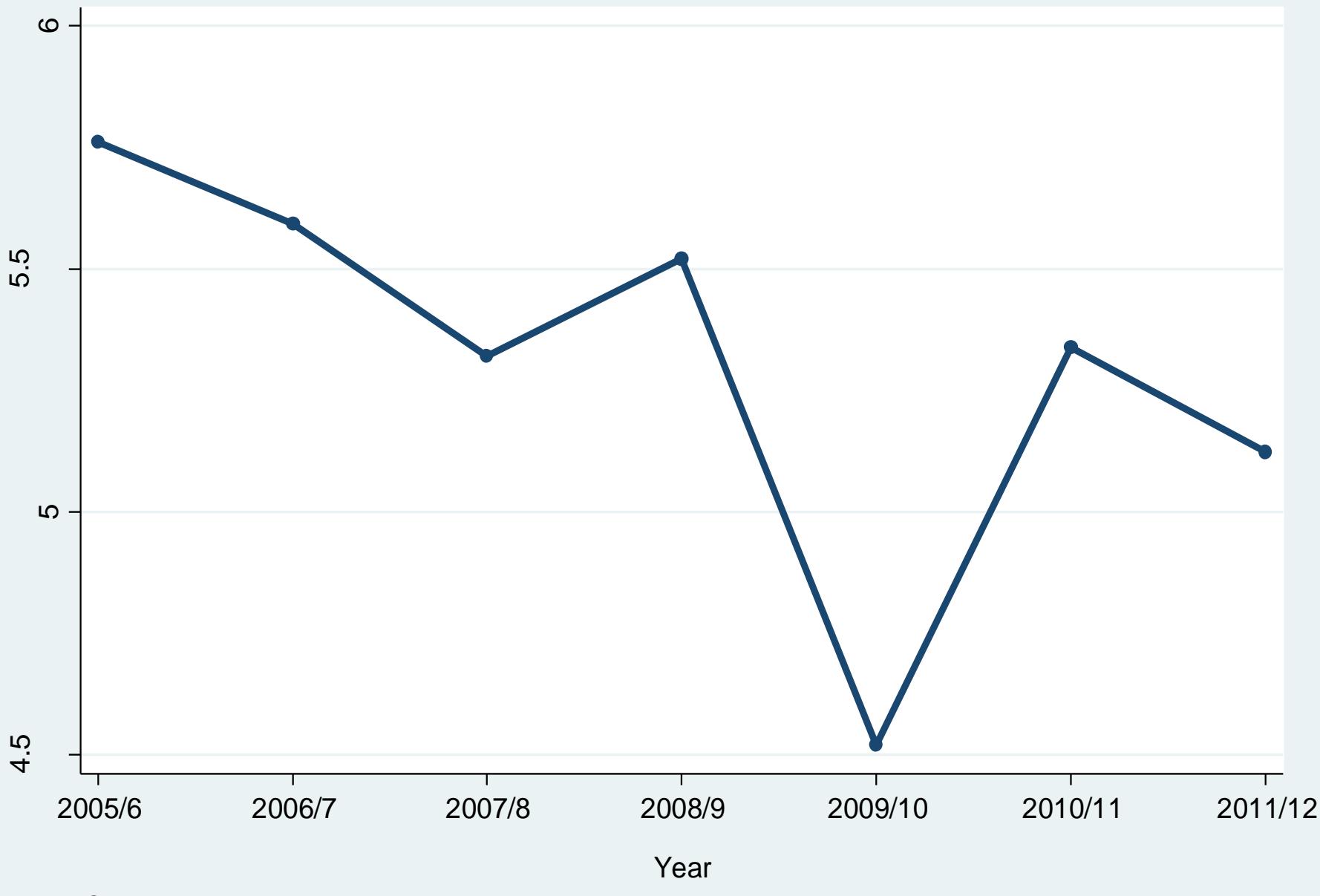
- ❖ Revenue from alcohol constitute about 5% of the total government revenue
- ❖ Locally produced alcohol generate more revenue than imports

Revenue Projection, Total Revenue, and Alcohol Revenue in Tanzania



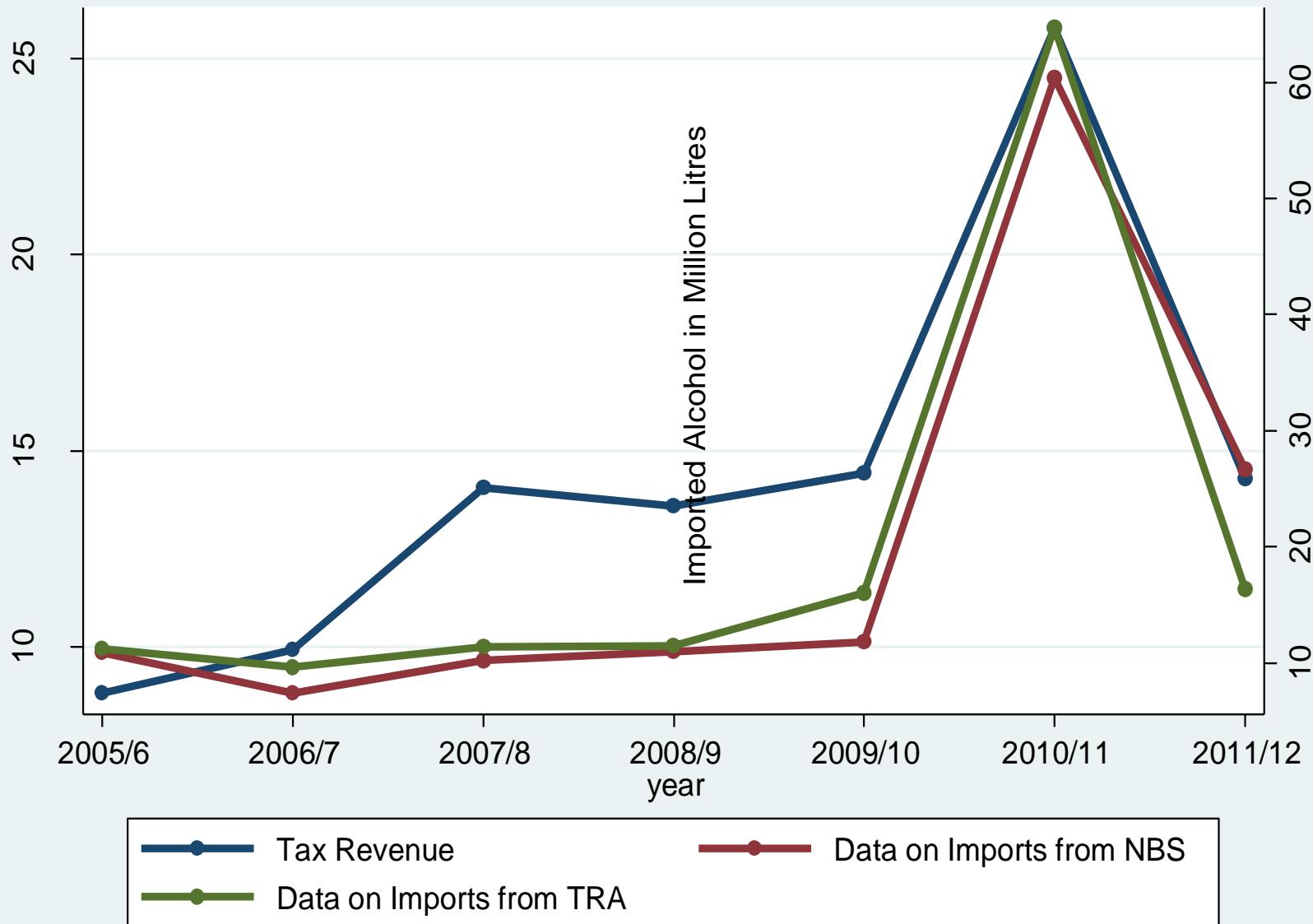
Source: Budget Reports and TRA

Revenue from Alcohol Out of Total Revenue in Tanzania



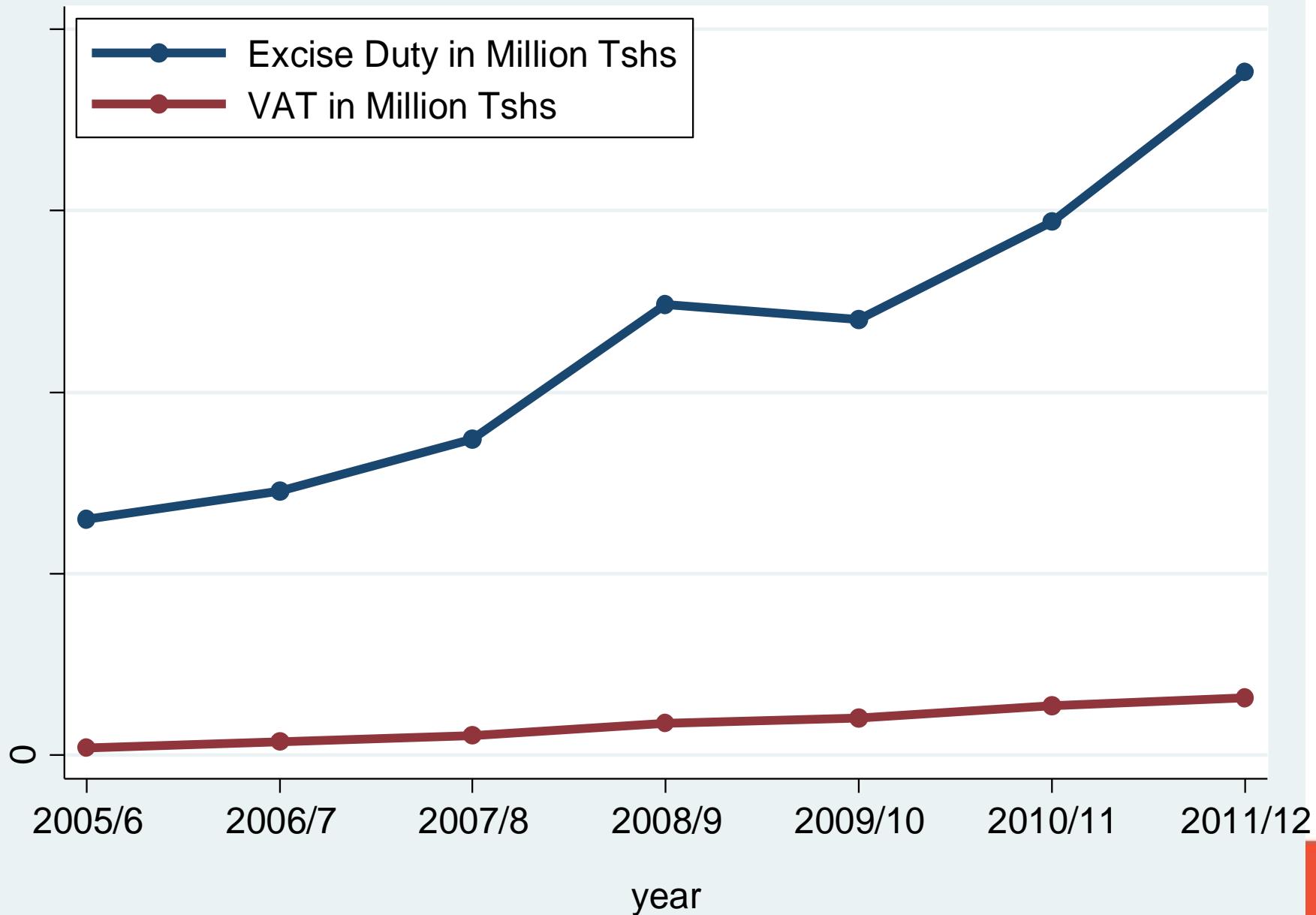
Source: Budget Reports and TRA

Revenue from Imported Alcohol in Tanzania for the Period 2005-2011



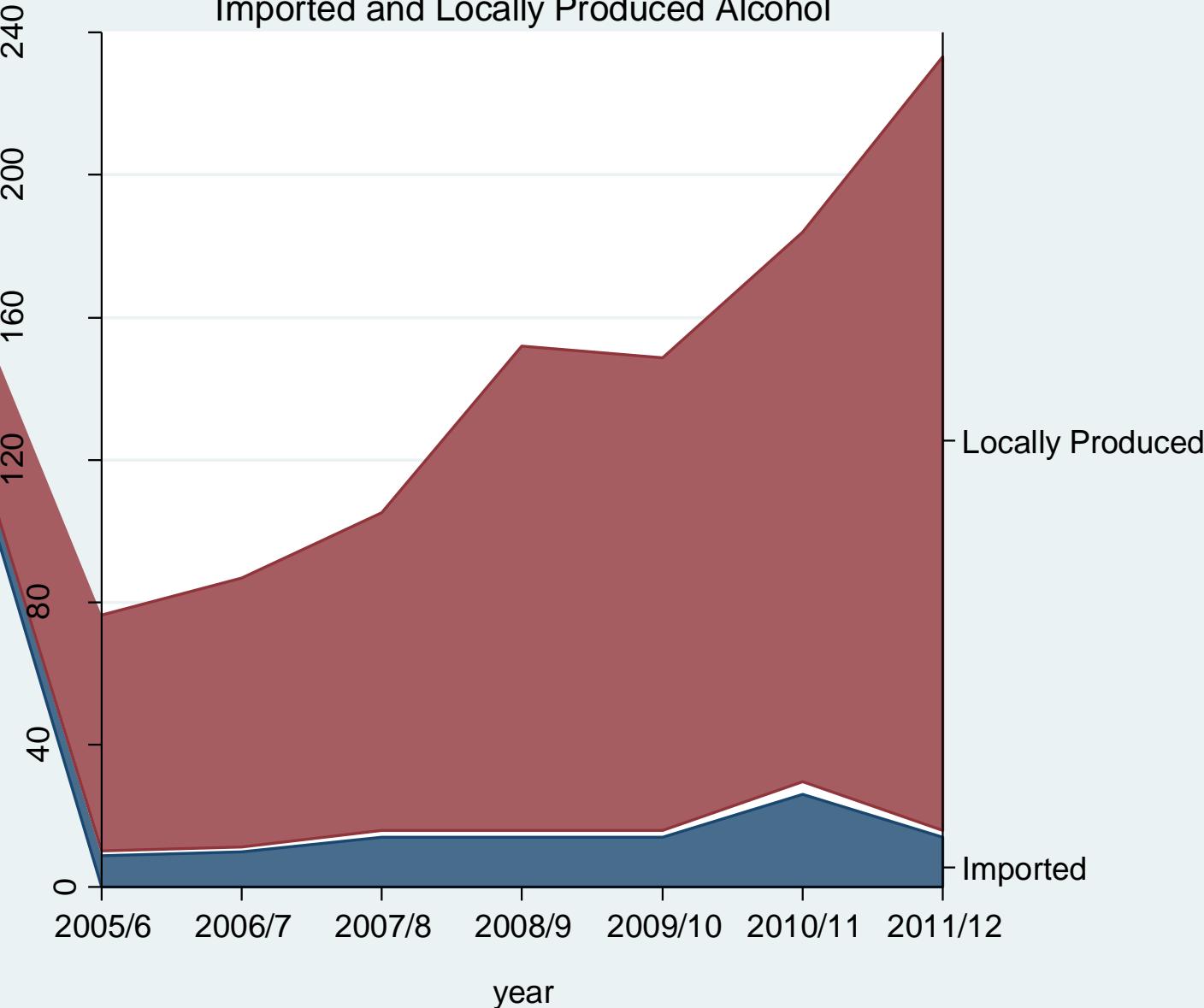
Source: TRA and NBS

Excise Duty and VAT from Locally Produced Alcohol



Total Tax Revenue

Imported and Locally Produced Alcohol



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

Lobby Parliamentarians

- 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

Type	Quantity	Price in Tshs	Equivalent price in GBP
Beer	375ml	2,000-2,200	0.8-0.88
Beer	500ml	2,000-2,200	0.8- 0.88
Cheap beers	500ml	1,200-1,500	0.48- 0.6
Hard liquor	500ml	7,000	2.8
Hard liquor	200ml	3,500	1.4
Hard liquor packed in sachets	100ml	1,500	0.6
Hard liquor packed in sachets	50ml	700	0.28

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