

Increasing Alcohol Excise Taxes in the Philippines

Action for Economic Reforms
RESET Alcohol

Action for Economic Reforms

Action for Economic Reforms (AER) was founded in 1996 by a group of progressive Filipino scholars and activists, as an independent, reform-oriented and activist policy group. AER champions inclusive and sustainable development in the Philippines through research, advocacy, and policy.

AER's Vision

A dynamic Philippine economy characterized by sustainable, equitable, and inclusive development.

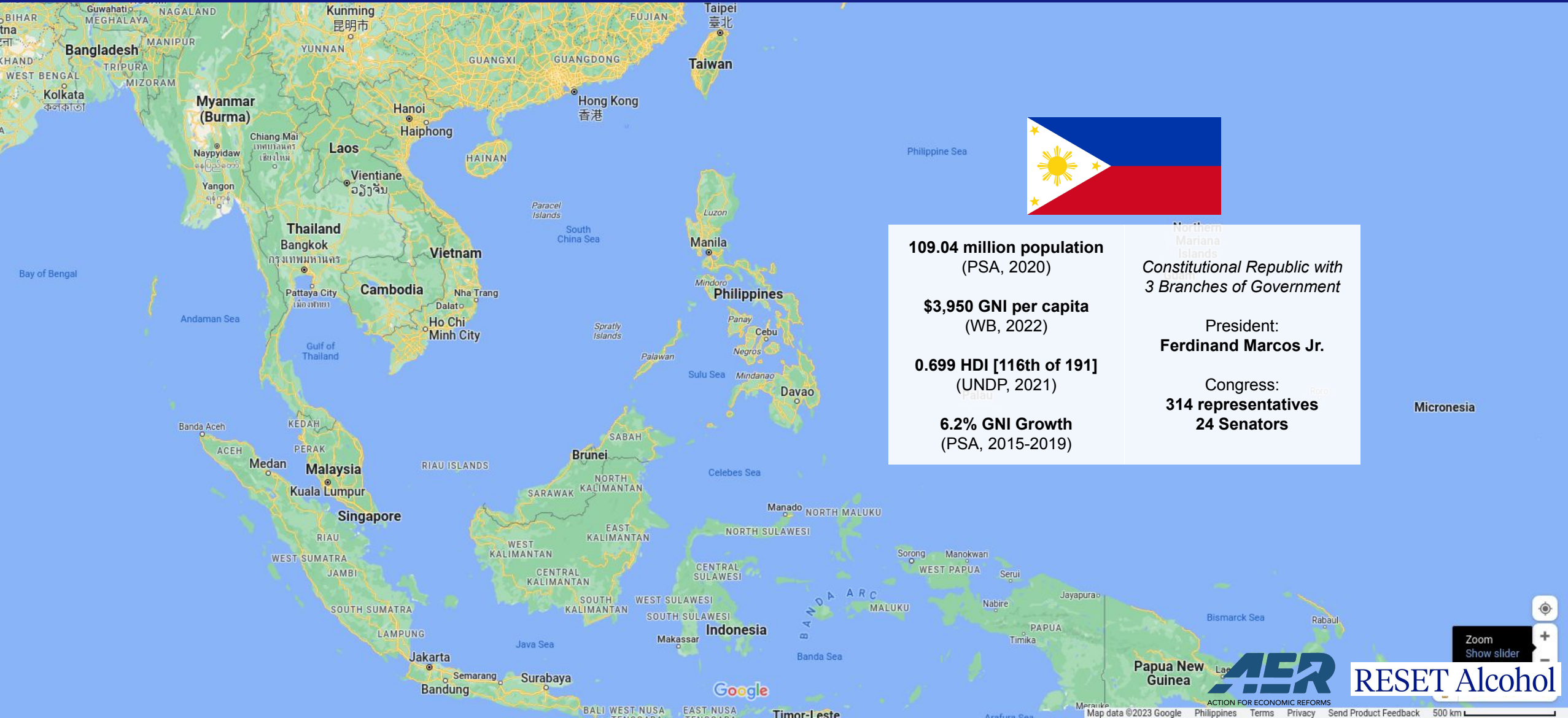
AER's Mission

To advocate economic and governance policies and practices that promote Philippine development through independent, rigorous, and timely research, analysis, and engagement.



ACTION FOR ECONOMIC REFORMS

Country Overview of the Philippines



<p>109.04 million population (PSA, 2020)</p> <p>\$3,950 GNI per capita (WB, 2022)</p> <p>0.699 HDI [116th of 191] (UNDP, 2021)</p> <p>6.2% GNI Growth (PSA, 2015-2019)</p>	<p><i>Constitutional Republic with 3 Branches of Government</i></p> <p>President: Ferdinand Marcos Jr.</p> <p>Congress: 314 representatives 24 Senators</p>
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RESET Alcohol

Burden of Alcohol in the Philippines

Prevalence of alcohol use in the past 30 days
(Ages 20-59; NNS, 2021)

Total Prevalence: 24.4%
Male: 41.3%
Female: 11.7%

Prevalence of binge drinking among current alcohol users
(Ages 20-59; NNS, 2021)

Total Binge Prevalence: 54.7%
Male: 60.4%
Female: 38.4%

Per capita consumption of pure alcohol
(Ages 15+; WHO, 2016-2018)

Total: **6.9 liters/person [19.8]**
Male: 11.0 liters/person [24.8]
Female: 2.8 liters/person [9.1]

Deaths attributable to alcohol use
(GBD, 2019)

39,802
(35.49 per 100k population)

Disability-adjusted life years
(GBD, 2019)

1,622,455.47
(1,446.78 per 100k population)

Alcohol Taxation Goals

Overall Objective

To develop an alcohol taxation framework that attempts to cohere the perspectives of fiscal policy, public health, efficiency, equity, and economic productivity.

Sub-Objective 1

To estimate the total and per capita economic burden of alcohol consumption in the Philippines, including the health, economic, and social costs of alcohol consumption

Sub-Objective 2

To develop proposals for increased excise tax rates on alcoholic beverages, particularly on pre-mixed alcoholic beverages, beers, and distilled spirits, which optimize between the goals of reducing consumption and generating revenue

Sub-Objective 3

To advocate for the passage of proposals for increased alcohol excise taxes during the 19th Congress of the Philippines. Key decision-makers in government include the House of Representatives and the Senate; the Department of Finance; and the Department of Health

Partners



Sec. Ben Diokno



Usec. Renato Reside



Asec. Karlo Adriano

Department of Finance



Sec. Ted Herbosa



Usec. Rosette Vergeire



Asec. Beverly Ho

Department of Health



Cong. Joey Salceda



Cong. Sid Ungab

House of Representatives



Sen. Win Gatchalian



Sen. Pia Cayetano

Senate



The Sin Tax Coalition

Civil Society

Research Overview

Research Objective

To estimate the total and per capita economic burden of alcohol consumption in the Philippines, including the health, economic, and social costs of alcohol consumption.

Research Activity 1

Develop an evidence matrix that includes research on the medical, economic, and social harms associated with alcohol consumption, specific to the Philippines or neighboring countries

Research Activity 2

Gather data on alcohol consumption in the Philippines including prevalence, total and per capita consumption, excise tax collections, volume of removals, market segmentation, etc., as well as data on the alcohol industry, including employees, revenues, etc.

Research Activity 3

Subject to the availability of data, estimate elasticities for alcoholic beverages, differentiating between product types (e.g. distilled spirits, beers, wines, pre-mixed beverages, etc.), including own-price, cross-price, and income elasticity

Research Activity 4

Model the impact of excise tax increases on alcohol consumption, tax revenue, and resulting health outcomes

Research Activity 5

Subject to the availability of data and initial modeling results, estimate the total economic cost of alcohol consumption in the Philippines

Research Overview : Modeling Impact of Increased Taxes

Methodology	<ul style="list-style-type: none">• Quantitative modeling to project changes in overall alcohol consumption and consequent tax revenues• Given the current lack of elasticity estimates for the Philippines, the model will incorporate elasticity values derived from international literature, with an emphasis on those relevant to Lower Middle Income Countries• Model's design ensures adaptability, permitting rapid recalibrations contingent upon varying assumptions related to factors such as income and population growth rates, elasticity metrics, and alternative excise tax rates
Data Set/s	<ul style="list-style-type: none">• Quantity and Revenue data provided by the Department of Finance;• Price data provided by the Philippine Statistics Authority
Status	Worksheet is ready for use
Findings	<ul style="list-style-type: none">• Increasing the excise tax rate of beer from P41.00 per liter in 2023 to P48.00 per liter in 2024 is expected to lower total consumption by about 1 to 3.5% while raising additional revenue worth P4.3 billion to P6 billion.• Increasing the specific tax rate on distilled spirits from P59.00 per proof liter in 2023 to P70 per proof liter in 2024 is expected to lower total consumption by about 1 to 2.1% while raising additional revenue worth P780 million to P1.2 billion.• For alcopops, shifting from the current rate of distilled spirits and applying the increased rate for fermented liquors of P48.00 per liter in 2024 is expected to lower total consumption by about 13.5 to 27.5% while raising additional revenue worth P384 million to P492 million.• If all of these proposals are adopted together, a total of P5.5 billion to P7.7 billion in incremental revenue is expected to be generated.

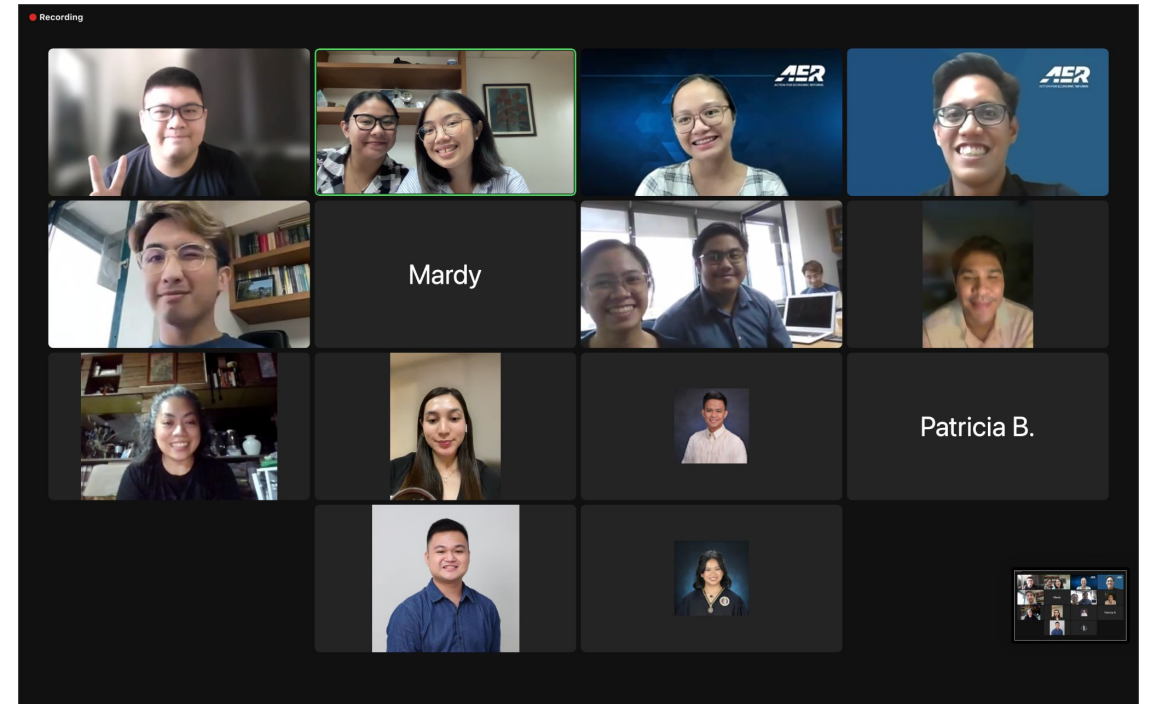
Advocacy Overview

Advocacy Objective

To advocate for the passage of proposals for increased alcohol excise taxes during the 19th Congress of the Philippines. Key decision-makers in government include the House of Representatives and the Senate; the Department of Finance; and the Department of Health.

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| Advocacy Activity 1 | Conduct political mapping and situational / landscape analysis as well as continuous monitoring and surveillance of the alcohol industry's interference and tactics |
| Advocacy Activity 2 | Develop and execute a communications strategy to push for alcohol excise taxes and respond to / counter the alcohol industry's interference |
| Advocacy Activity 3 | Craft policy briefs which provide the rationale and supporting evidence (e.g., positive health impact and additional revenue generated) for the proposed alcohol excise tax measure/s |
| Advocacy Activity 4 | Convene and mobilize the Sin Tax Coalition as well other civil society organizations and private sector groups and individuals to support the alcohol excise taxes and respond to / counter the alcohol industry's interference |
| Advocacy Activity 5 | Conduct advocacy meetings and backstopping with champion legislators in both houses of Congress |

Advocacy Overview : The Sin Tax Coalition



Advocacy Overview : Legislator Engagement

