

# STATUS REPORT ON ALCOHOL, TOBACCO & OTHER DRUGS IN SRI LANKA - 2018

## ALCOHOL PRICES

Prices of beer remained low after price reduction of 33% in December, 2017. Arrack prices increased by 2% due to enforcement of NBT tax in August.

- Lion Larger Bottle (625ml) - Rs. 150 (Avg. price Rs. 217 in 2017)
- Lion Larger Can (330ml) - Rs. 100 (Avg. price Rs. 128 in 2017)
- Extra Special (750ml) - Rs. 1570 (Price Rs. 1540 in 2017)



## TOBACCO PRICES

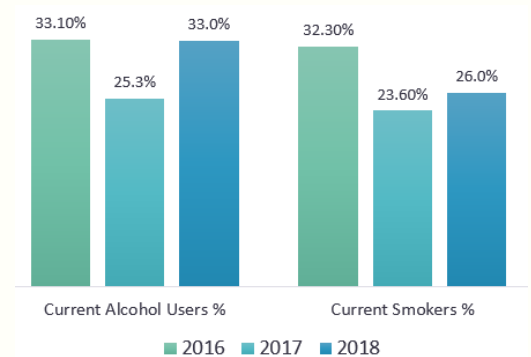
Price of "Gold Leaf" (most sold brand) has increased by 10% in August, 2018 due to the tax increase and the price increase by CTC. However the taxes/prices of cheaper cigarettes were not changed.

- Gold Leaf (1 stick) - Rs. 55.00 (Price Rs. 50 in 2017)
- Navycut (1 stick) - Rs. 40.00 (Same price in 2017)
- Capstan (1 stick) - Rs. 20.00 (Same price in 2017)



## ALCOHOL & TOBACCO CONSUMPTION

- Due to significant price increases made on alcohol and cigarettes, consumption have reduced considerably in 2017. However, reduction of beer prices in December, 2017 and insufficient/ delayed increase on cigarette prices have caused a rise in consumption of alcohol and tobacco during 2018.
- This increase of usage is not a healthy trend and **it is reversing the achievements made on controlling tobacco and alcohol use in previous years.**



Source: ADIC SPOT Survey (Preliminary Analysis)

## ALCOHOL & TOBACCO POLICY

- Due to the increase of consumption, **breweries and distilleries have reaped huge profits in 2018.** Some even have doubled their profits compared to 2017. However, **government tax revenue has not increased in same proportions.**
- Recommended tax policy by WHO on controlling use is to increase tax in regular intervals due to inflation. Hard liquor increase of 2% and tobacco tax increase of 10% after two years is not adequate to offset the inflation, which has made alcohol and tobacco more affordable compared to 2017.
- **Current taxation policy on both alcohol and tobacco is not accurate. Also the policy measures brought into introduce plain packaging for cigarette packs and banning sales of loose cigarettes were not materialized.**



Cartoon appeared on DailyMirror 2017.06.23

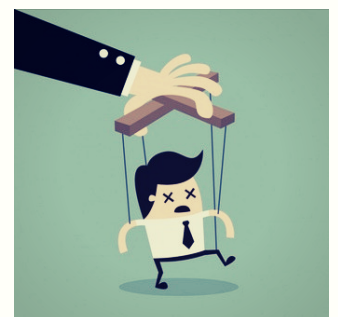
## MEDIA BEHAVIOUR

- Article no. 35 of NATA act prohibits publication of alcohol or tobacco advertisements. However, these industries use deceptive tactics to promote use of alcohol and tobacco through media. It is well known that industries approach directors, producers, actors to include scenes of drinking and smoking in movies and teledramas.
- Media Surveillance carried out by ADIC in 2018 have detected more than **600 promotional scenes** aired on popular TV channels during prime time (7pm-10pm). Most number of promotions were telecasted on **Swarnawahini** and **ITN** channels.
- Print Media Surveillance by ADIC has recorded many instances of NATA act violations by popular print media and online news media.



## CANNABIS (MARIJUANA)

- There is an increase in lobbying and promotions by pro-cannabis groups this year to get support from policy makers and public. Space taken on main stream media have increased while main mode of promotions have been through social media targeting youth.
- It is apparent, a well-organized and a well-funded arm is behind current promotional activities in Sri Lanka. In Canada, after legalization of cannabis, tobacco industry have made huge investments in acquiring cannabis producers, suggesting they have been behind the legalizing campaign.



# A SUMMARY OF YEAR 2018

Presidential Secretariat, Presidential Task Force, Ministry of Health, Ministry of Education and other government, non-government organizations and civil society groups have shown an increased enthusiasm and commitment towards controlling alcohol, tobacco and other drug use in communities. However, Ministry of Finance have maintained a pro-industry attitude during the year which has undermined the efforts on controlling use due to enforcement of wrong taxation policy on alcohol and tobacco. New policy amendments on plain packaging, banning loose sales of cigarettes and increasing police powers to deal with illicit alcohol were much discussed throughout the year but did not materialize.

## FEBRUARY

The licence of arrack distillery **W.M. Mendis & Co. Ltd** has been cancelled by the Excise Department due to non-payment of taxes according to news reports. The company has evaded tax payments of Rs. 580 million for the month of December 2017. **The company had an outstanding of Rs. 720 million in taxes to be paid.**

## APRIL

World Health day was commemorated in Sri Lanka with participation of head of WHO **Dr. Tedros Adhanom**. Minister Rajitha Senarathne reassured government intention to control tobacco further by introducing **100m radius limit, introducing plain packaging and banning tobacco cultivation by 2020.** **Helpline 1948** was launched by **NATA** to request support to quit tobacco and alcohol use. **Center for Combating Tobacco (CCT)** launched **Tobacco Unmasked Hotspot** mobile app to report industry activities and interference.



## JULY

President Maithripala Sirisena proposed to introduce **death penalty on drug traffickers/ drug dealers** to curb the increasing drug menace. While his intention was commendable proposed method is controversial and not all civil groups received it well. Media reports **W.M. Mendis a distillery** company owned by **Arjun Aloysius** has distributed **1130 million rupees among 168 individuals** which includes government ministers and politicians. Media also reports former finance minister Ravi Karunanayake have received 5 million rupees from W.M. Mendis company.

## SEPTEMBER

League of Multinational Corporates (LMNC) formed with seven multinational companies which includes CTC and Heineken Lanka. CTC CEO Michel Coast is the chairman of LMNC. Minister Sagala Rathnayake, Harin Fernando and Harsha De Silva were present at the launching event. Tobacco and Alcohol industries uses this type of activity as a strategy to influence / strong arm policy makers.



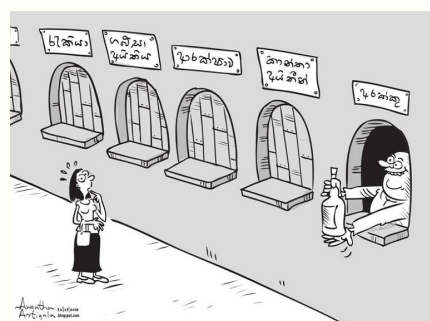
LMNC launching event. (Source: DailyMirror 01.10.2018)

## DECEMBER

Archbishop of Colombo, **His Eminence Cardinal Malcolm Ranjith** has urged president Maithripala Sirisena to **close bars at star class hotels on 25th in lieu of Christmas**, just as alcohol outlets would be closed for the day. Accordingly, the Excise Department had reportedly notified star class hotels. In **Jaffna** divisional secretary, **7 local governments have banned selling of alcohol and tobacco within a 500m radius** from schools and religious places.

## JANUARY

- Largest haul of Cocaine (900kg) seized by the law enforcement agencies were destroyed in public with the presence of President Maithripala Sirisena and Prime Minister Ranil Wickramasinghe.
- Finance Minister **Mangala Samaraweera** proposed amendments to excise law which could further increase availability of alcohol to public. **(1) Remove the prohibition for women to purchase liquor in taverns. (2) Remove prohibition for women to sell alcohol. (3) Extend opening hours of liquor shops.**
- This came under heavy public criticism since 99% of women do not consume alcohol. and it is a move to encourage alcohol for women. Also the 1906 law on restricting purchasing liquor is on taverns and it has not restricted women to purchase alcohol in restaurants. Also there are examples on sexual exploitation of women by alcohol industry to increase sales. Due to public criticism **President Maithripala Sirisena have ordered to withdraw these amendments.** Accordingly above amendments were recalled. **Despite the possible negative impact for women, actresses Samanalee Fonseka and Swarna Mallawarachchi along with some others have filed FR petitions against President's decision to withdraw the amendments.**



## JUNE

- Minister **Managala Samaraweera** indicated at the parliament that he is willing to consider to reduce price of "Old Arrack" if parliament agrees.
- In addressing a public event Health Minister **Rajitha Senarathne** stated that he has submitted a cabinet paper requesting **permission to grow cannabis** in 100 acres with assistance of tri-forces for ayurvedic medicine purposes.

## AUGUST

- **Price of liquor increased by 2%** due to enforcement of Nation Building Tax (NBT) on alcohol. Arrack prices increased by Rs 30-40 per bottle accordingly.
- Price of "Gold Leaf" cigarettes increased by 10% (Rs. 50 to 55) due to increase on tax. However, there were no tax increase on other cheaper cigarettes.
- Proposed cabinet paper on **banning sales of loose cigarettes** were opposed at the cabinet meeting by **Mangala Samaraweera, Kabir Hashim, Ravindra Samaraweera and Harin Fernando.**
- A comprehensive international study published in Lancet journal have concluded that **"There is no safe level of drinking alcohol"**. It showed that in 2016, nearly 3 million deaths globally were attributed to alcohol use, including 12 percent of deaths in males between the ages of 15 and 49. Study further recommends reconsideration of alcohol control policies around the globe.

## OCTOBER

- **Dialogue on Tobacco Tax** was held at SLMA auditorium with participation from NATA, SLMA, ADIC and Verité Research. Delegates have explained why the increase of **tobacco tax in August was (1) too low (2) too late and (3) flawed.** The increase of 10% after not having any increase in 2017 was not sufficient and no tax increase made on cheaper cigarettes.
- According to **Tobacco Industry Interference (TII) Index for 2017** which was presented at **8th COP summit in Geneva, Sri Lanka ranked at 6th place among 14 other ASEAN countries** behind Thailand, Philippines and Rep. Korea and better than Malaysia, India, and Indonesia.