Minimum Prices and Alcohol Taxes
A WHO European Region Perspective

Prof. Franco Sassi
Centre for Health Economics and Policy Innovation, Imperial College Business School, London, UK

Launch of the WHO/Europe Report on Minimum Pricing of Alcohol
21st June 2022
The Alcohol Beverage Market (No Ordinary Commodity)

A market rife with failures
- Externalities
- Internalities: harms on one’s future self
  - information failures
  - risk perception failures
  - behavioural failures
  - manipulation and deception

Strong case for governments to modify market conditions, chiefly prices
Changing Market Prices through Government Intervention

• Price regulation
  – Minimum prices
  – Regulation of price promotions

• Fiscal policies (taxes)

WE NEED BOTH, if we are serious about tackling alcohol harms
Alcohol Taxes Can...

• Change the behaviour of consumers
  – By raising prices
  – By signalling risks

• Change the behaviour of businesses

• Address externalities

• Generate revenues that may be used to support public health action
Alcohol Price Regulation Can...

• Prevent the sale of alcohol at very low prices
  – Especially beneficial to those most vulnerable to alcohol harms
• Change the behaviour of businesses
• Address externalities
How Do We Ideally Want Alcohol Prices to Be?

I. Do consumers purchase alcohol or alcohol beverages?
   i. Low-price segment vs. high-price segment

II. Price increases must be large enough to create incentives

III. They must be designed to limit opportunities for unwarranted substitutions
A WHO EURO “Signature Initiative”

• Minimum tax share in alcohol beverage prices

• Equalise market prices per unit of alcohol across beverages

The best way to achieve the goals of the Signature Initiative is to combine carefully designed taxes and minimum price policies.