

# Thailand: alcohol today

## SAWASDEE\* ALCOHOL: A HISTORICAL BACKGROUND

Historical evidence shows that although alcoholic beverages have been consumed in Thailand for many thousands of years they have played a minimal role in the lives of our ancestors, especially among ordinary people (Thanomsri 1999). A French Crown servant noted 400 years ago that 'Siamese live in the most frugal style, ordinary people drink only pure water, eat steamed rice with dried fish and some fruits' (Anusart 1991) [Siam is the former name of Thailand]. The main reason for abstention and low consumption is the strong faith in Buddhism, which discourages alcohol use among its followers.

Nevertheless, historically, alcohol has had an important place in the political economy of Thailand. Chinese migrants introduced the distillation technique for production of Lao Rong, or manufactured spirit, during the Ayuthaya period (1350–1767). Chinese migrants were then the first authorized concessionaires, running a production and distribution monopoly in that period (Phaisal Wisalo Bhikkhu 1984). Some historians point out that the Chinese drinking culture still influences the current Thai drinking pattern, for example in the volume units of beverage. In the later Ayuthaya period the Excise Master System, a concession system for alcohol tax-collecting duty, replaced the state-run system because of lower than expected levels of revenue due to a lack of diligence by the state officials.

Alcohol consumption became more common in Thai society in the early Ratanakosin period (after 1782), as the proportion of Chinese migrants increased to a quarter of the total population. Records indicate that alcohol distillation sites were common in Chinese communities. In 1786, the first king of the Chakri dynasty overhauled the alcohol laws by banning home production and strengthening the monopoly system for production, trade and tax collection. This gave the Excise Master two mandates: to collect alcohol excise tax and to suppress illegal production. As a result, alcohol was one of the main sources of revenue in this period and, along with gambling and opium, produced up to 51% of total state income in 1895 (Sornphaisarn 2005).

Because the concession fee decreased unacceptably in the early 1900s, the Excise Master System was abolished and replaced by a state-run decentralized system for tax collection in 1909. However, production and distribution concessions were left to the private sector. The Minister of the Interior ordered the Lord Lieutenants (the governors

of each administrative region) to enforce the alcohol tax law strictly and remit revenues back. Rewards and punishment were applied to governors depending on the volume of alcohol trading in their respective areas. At the same time the Ministry of Finance promoted the alcohol trade by rewarding over-target dealers and local leaders who could suppress illegal beverages, as well as encouraging influential local elites to be authorized alcohol producers and distributors. In the first period of the decentralized system alcohol trade expanded, in some regions outstripping supply.

Between 1927 and 1948 alcohol production had become a state-run monopoly. In its first period, state-run production increased annually by 9%. Domestic production increased significantly during the Second World War, taking advantage of the scarcity of imported beverages. As a result, alcohol tax revenue grew threefold in the decade after the war (Sornphaisarn 2005).

Recently, the government campaigned for an alcohol 'free market' by cancelling concessions for production and distribution of fermented beverages in 1990, and distilled beverages in 1999 (Sornphaisarn 2005). This campaign stated clearly that the taxation system should not be any obstruction to the development and growth of the alcohol industry, particularly the domestic industry (Nikomborirak 2002).

In summary, the history of Thai alcohol policy indicates that economic interest, especially revenue generation, has been the most important consideration.

## DRINKING TRENDS: HIGH CONSUMPTION FROM LOW PREVALENCE

The World Health Organization (WHO) Global Alcohol Database tracks the increase in Thai adult per capita consumption from 0.26 litres in 1961 to 8.47 litres of pure alcohol in 2001 (World Health Organization 2006). This trend is confirmed by data from the Excise Department, which declares that per adult drinking volume (litres of beverage) doubled in the 14 years between 1988 and 2002 (Wibulpolprasert 2005). The increasing trend is for both beer and spirit segments, while wine consumption is low and comparatively static. Spirits have been the dominant alcoholic beverage in Thai society, in pure alcohol consumed; for instance, spirits were 5.4 times higher than beer in 2001. However, beer consumption showed an eightfold increase between 1982 and 2001.

There has been a shift from unrecorded, especially illegal, to recorded consumption in developing countries

\*Sawasdee: a Thai greeting

(Babor *et al.* 2003, p. 38). A group of experts estimated unrecorded consumption at 2 litres of pure alcohol per Thai adult in 1995 (European Addiction Research 2001).

In 2004, the proportion of drinkers was estimated to be 33% of the Thai adult population, with five times more prevalence among males (56%) than females (10%). Approximately half of drinkers consume less than once a month. Between 1991 and 2004, the percentage of drinkers among young females increased by 14% and 50% in the 15–19-year-old and 20–24-year-old age groups, respectively, while there was a 30% decrease in the > 50 female age group (National Statistics Office 2005; Wibulpolprasert 2005).

### ALCOHOL MARKET SHIFTING

The state of the economy has been a critical factor for the growth in alcohol consumption. There was a strong association between adult per capita consumption and per capita gross domestic product (GDP) between 1961 and 2000 (Thamarangsi 2005). Another study on beer consumption points out that Thailand had the world's highest income elasticity of demand in the period between 1996 and 2005 (Euromonitor 2001).

Thailand's alcohol beverage market is dominated by very few companies (Richupan 2005). The business of a single company accounted for more than 90% of the domestic spirits market in 1999 and 64% of the beer market in 2001 (Nikomborirak 2002).

Currently, imported beverages have only a small foothold: for example, 3.9% of the total spirits and less than 0.1% of the beer market between 1998 and 2000 (Excise Department 2005). In the locally produced spirits market, white spirit, the cheapest uncoloured and unseasoned rice spirits, shared almost three-quarters of overall production volume in 2004, while re-legalized traditional spirits had a 7.4% share. Data on beer production in the first 8 months of 2004 show that the two leading Thai brands constituted 92.2%, while the strongest international brand accounted for only 5.8%.

Recently, the alcohol industry has focused on the beer and ready-to-drink (RTD) beverages markets, which still have an annual growth rate of 5–6%. Many brands have been introduced to the Thai market, particularly domestically produced international brand beverages. Such joint ventures enjoy custom tax-free status; for example, an RTD beverage could be sold at half price after switching to domestic production (Manager Newspaper 2005d). Moreover, there has been a trend for international brand beverages to enter the Thai market, in particular under the influence of the free market concept. For example, beverages imported from Asean Free Trade Area (AFTA) countries are taxed at one-twelfth the rate of

products from other countries (Kajorntham *et al.* 2004). The Thai alcohol industry has also invested in the export of Thai brands to international markets, for example signing a 2 million pound per year sponsorship contract with an English football club.

### EMERGING PROBLEMS IN THE EMERGING MARKET

In Thailand, alcohol has been estimated to be the third most significant health risk factor, with 5.3% of overall disability adjusted life years (DALYs) attributed to its consumption. Moreover, there is a significant gender difference for alcohol-related DALYs. Alcohol ranks third as a health risk factor for Thai males (at 8.2% of DALYs) and 11th for women (1.0%) (Thai Working Group on Burden of Disease 2002).

Liver disease mortality (1977–2000), road accident morbidity and mortality rates (1984–2000) have increased along with the level of alcohol consumption (Thamarangsi 2005).

The alcohol-related problem causing most concern is road traffic injury. It is the second highest cause of death, at approximately 13 000 deaths annually in recent years (Wibulpolprasert 2005), or 22 per 100 000 population. Road traffic crashes accounted for 12.3% and 6.0% of years of life loss (YLLs) in males and females, respectively, in 1999 (Thai Working Group on Burden of Disease 2002). The economic cost of road traffic smashes was estimated at 2.3–3.5% of GDP in 2001 (Thai Health Promotion Foundation & Stopdrink Network 2003). A survey in 2004, among injured people from road traffic accidents in that year, indicates that alcohol is involved in three-fifths of cases (National Statistics Office 2005).

In 2001, the prevalence of alcohol dependence in Thailand was 19.4% and 4.1% among male and female adults, respectively. Furthermore, there are strong associations between alcohol and psychological disorders. Among the alcohol-dependent population, 51.2% suffer from severe stress, 48.6% have severe depression, 11.9% have suicidal thoughts and last but not least, 11.3% have homicidal thoughts (Silapakit *et al.* 2001).

Alcohol consumption has direct and indirect impacts on spouses and children, in psychological and physical trauma as well as educational, social and financial handicaps. For example, teenage children of fathers with alcohol dependence have an 11.5 times greater risk of psychological disorders (Sakulthong 1988 referenced in Thai Health Promotion Foundation and Stopdrink Network 2003), and more than half of alcohol-dependent in-patients have marital and working problems (Intaprasert 1988). A recent study reiterates that families with drinking member(s) have a 3.84 times higher risk for family violence (Kongsagon 2005).

Alcohol consumption was involved in up to 1198 front-page crimes in 13 newspapers in 2003 (Phipitkul 2005). Data from the provincial courts indicate that, for instance, alcohol consumption was related to 59.1% of asset-related crimes and 34.8% of sex-related crimes (Poshyachinda 2001).

### **PREVENTION POLICY: LOST IN TRANSLATION?**

Alcohol policy process in Thailand reflects the incompatibility of different interests, particularly between health and social well-being and economic interests. While policy remains fiscally driven, many strong measures, such as taxation and control on physical availability, are criticized for neglecting public health values (Kajorntham *et al.* 2004; Sornphaisarn 2005). Furthermore, reliability of enforcement is a critical problem in policy implementation, undermining policy effectiveness in Thailand.

The alcohol industry has had a significant role in the Thai alcohol policy process and in the last review of taxation, both Thai and foreign businesses negotiated directly with the government (Manager Newspaper 2005b, 2005c). Moreover, the local alcohol industries have begun to formulate a policy network and have established a 'social aspects organization', promoting industry self-regulation and practice codes (Manager Newspaper 2005a).

#### **Alcohol taxation**

All beverage alcohol is taxed on the basis of maximum public profit using one of two calculation methods, whichever provides the higher figure: (1) 40–60% of declared production cost; and (2) 100 and 400 Baht per litre of pure alcohol for fermented and distilled spirits, respectively. However, some types of beverages, especially cheap beverages, are exempt and so are taxed at below the maximum rate for some specific purposes. For example, the by-volume taxation rate for white spirits is only 70 Baht per litre of pure alcohol, one-sixth of the maximum rate.

The exclusion of white and traditional spirits, which make up the majority of alcohol consumed, from a tax increase in September 2005 provides clear evidence that the taxation system is focused on revenue generation rather than reducing consumption, as stated by the government. The main explanation for the exemption is the government's professed concern for the negative impact on grass-roots alcohol entrepreneurs (Khaosod Newspaper 2005), despite the fact that the traditional and white spirits market are dominated by domestic industrialized alcohol companies. Consumption is predicted to shift from highly taxed spirits to cheaper beverages, especially beer and white spirits (Posttoday Newspaper 2005). In

addition, overall consumption is unlikely to decrease as a result of this campaign.

#### **Physical availability**

The alcohol outlet licensing system provides almost no barrier to Thai drinkers. Geographical prohibitions apply only to areas in educational and religious institutions. In addition the low yearly licensing fee (100 Baht: approximately 2.5 \$US) and uncomplicated licensing procedures provide no hurdle for existing and would-be outlet and tavern owners. In the 2004 fiscal year there was one authorized alcohol dealer for every 110 people. Thai drinkers take an average of 7.5 minutes to obtain their beverages and only 3% had to make significant journeys (Poapongsakorn *et al.* 2005).

The 1972 law on hours of sale regulation, permitting retail sale in two periods, 11 a.m.–2 p.m. and 5 p.m.–12 p.m., had not been enforced before December 2004 and the long-term reliability of enforcement remains unmonitored.

#### **Regulating alcohol promotion**

The regulation of alcohol promotion, revised mainly in 2003, covers three aspects of advertising: (1) sites of promotion, which disallows billboard promotions in areas near educational institutions; (2) time of promotion, which bans broadcast advertisements between 5.00 a.m. and 10 p.m.; and (3) the content of promotions, which restricts any content concerning drinking persuasion and beverage properties, as well as requiring warning messages to be attached. Prior to the revision of the regulations, spending on alcohol promotion in the broadcast media had grown sevenfold between 1989 and 2003 (Wibulpolprasert 2005).

The alcohol industry has found ways to circumvent the regulations by using indirect advertising in the controlled media and increasing promotions in unregulated, below-the-line media. A study in 2004 reports the high frequency of logos and names of alcohol beverages broadcast during prohibited times, as well as the promotion of logo and name-sharing products (Phipitkul & Sornphaisarn 2005). Another finding is that the budget for mobile advertisements, such as advertisements on vehicles and on-site promotions at venues, for example, increased from 2003 by 583% and 148%, respectively.

### **THAIHEALTH FOR THE HEALTH OF THAIS**

In 2001, the Cabinet issued the Thai Health Promotion Foundation Act, B.E. 2544 to establish a progressive financial mechanism for health promotion. This foundation, known as ThaiHealth, receives a 2% surcharge from tobacco and alcohol taxes, and works as a catalytic fund-

ing agency for civil movements leading to any improvement in well-being of Thai citizens (Siwaraksa 2005). Alcohol certainly qualifies as a major health risk factor and in response ThaiHealth has developed its Alcohol Consumption Control Program, aimed at reducing consumption and harm, promoting sensible attitudes, particularly among youth, supporting alcohol control units and strengthening research capacity (Thai Health Promotion Foundation 2005). In September 2004 ThaiHealth, together with the Health System Research Institute (HSRI), established the Center for Alcohol Studies (CAS) as a national research and knowledge management institute for the reduction of consumption and alcohol-related harm (Center for Alcohol Studies 2005).

In its early years, ThaiHealth has built nation-wide health networks and advocated successfully on alcohol policies, especially alcohol promotion control and drinking-driving countermeasures. Furthermore, ThaiHealth has supported alcohol consumption reduction programmes using various methods for different target groups, such as applying religious beliefs to promote a 3-month abstinence campaign among adults, using celebrities as anti-alcohol role models, and peer persuasion for teenagers.

## FUTURE CHALLENGES

The integration of consumption and harm reduction strategies is critical in responding to alcohol-related harms. These harm reduction policies, targeting high-risk situations, will receive comparatively more support. Drinking-driving countermeasures, in particular, have shown initial success by reducing mortality and the death toll in recent years. However, strategies aimed at reducing consumption in the general population may be another issue.

After recovering from the 1997 economic crisis the Thai economy has continued to grow gradually, and if the association between wealth and consumption continues, as it has for the last four decades, increasing consumption is forecast. As the free market becomes the main economic force, competition among alcohol industries will create more influential marketing strategies. Despite the fact that the government has clearly announced alcohol consumption reduction as a target for the Healthy Thailand Project by the year 2017, there is little light at the end of the tunnel in terms of effective policies as mechanisms to achieve this goal. Evidence-based effective health-orientated alcohol policies and effective enforcement are now urgently required.

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