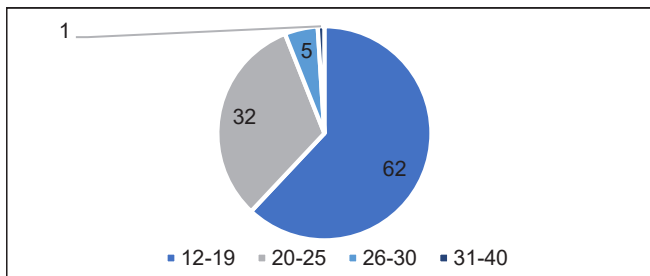


IMPACT OF THE SIN TAX LAW ON CIGARETTE CONSUMPTION

The National Survey to Monitor the Impact of the Sin Tax Law (STL) released by the Organic Intelligence, Consulting Inc. in 2020 aims to determine the impact of the STL on Filipinos' expenditure/consumption of sin products such as alcohol and tobacco. The survey, with a sample size of 1,700 respondents, covers insights on consumption and behavior from 2018 to 2019. Note that the survey results presented here are specific only to smoking and tobacco use.

Age Started Smoking. Figure 1 shows majority of smokers or 62% started smoking at an early age (12-19 years old). Meanwhile, 32% started to smoke at the age of 20-25 years old. On the other hand, only 1% of smokers started to smoke at the age of 31-40 years old.

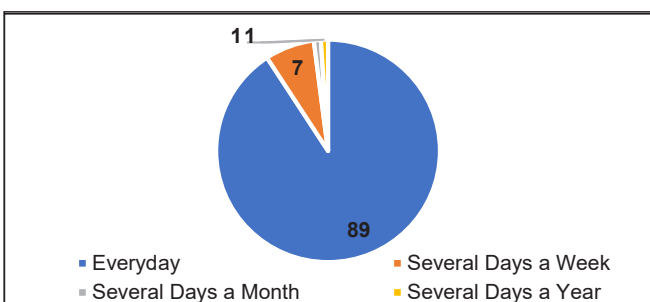
FIGURE 1. AGE STARTED SMOKING NATIONWIDE, IN PERCENT



Source of basic data: Organic Intelligence Inc. GANESHA National Survey to Monitor the Impact of the SIN Tax Law

Frequency of Smoking Nationwide. Nine (9) out of 10 smokers interviewed smoke everyday. Figure 2 shows that more than half of smokers or 89% smoke daily. Meanwhile, 7% of smokers smoke several days a month. Among the regions, Region 4B posted the highest percent of smokers who smoke everyday at 100% followed by Region 9 at 97% and Region 1 and 8 at 95%.

FIGURE 2. FREQUENCY OF SMOKING NATIONWIDE, IN PERCENT

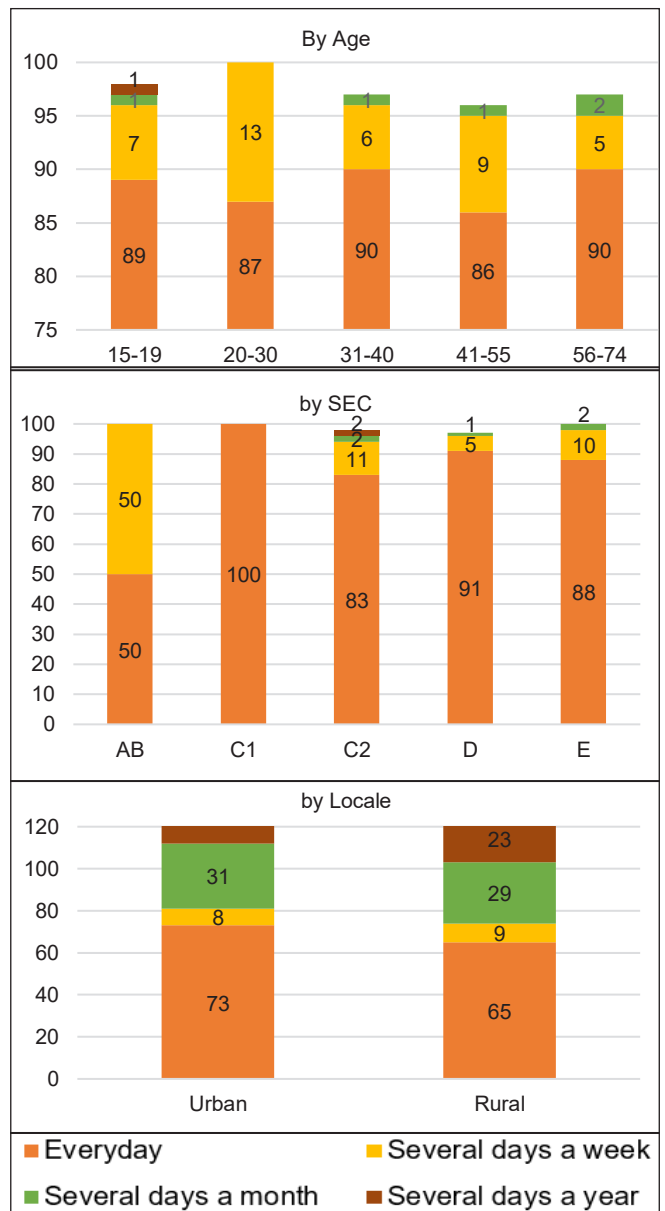


Source of basic data: Organic Intelligence Inc. GANESHA National Survey to Monitor the Impact of the SIN Tax Law

Facts in Figures

Congressional Policy and Budget Research Department
House of Representatives
August 2022 (No. 48)

FIGURE 3. FREQUENCY OF SMOKING BY AGE SOCIO-ECONOMIC CLASS AND LOCALE, IN PERCENT



Source of basic data: Organic Intelligence Inc. GANESHA National Survey to Monitor the Impact of the SIN Tax Law

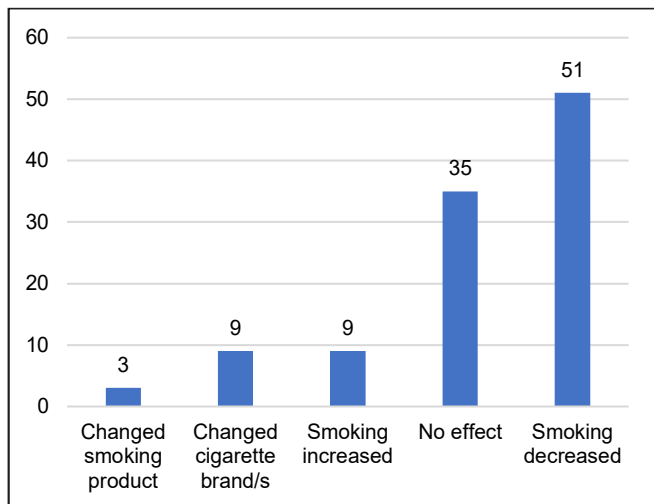
Frequency of Smoking by Socioeconomic Class, Age and Locale. As shown in Figure 3, Class C1 which has lesser capacity to indulge in extravagances than Class AB posted the highest frequency of smoking at 100% daily. This is followed by Class D (91%) which consists of households that thrive on hand-to-mouth existence. Meanwhile, Class E which faces great difficulties in meeting their basic survival needs registered 3rd highest frequent smokers at 88%.

Class C2, whose lifestyles reflect comfortable living and the capacity to indulge a few luxuries, registered to be occasional smokers (2% several days a year) but still smoked frequently at 83%. Those from Class AB can indulge in luxuries and either smoke everyday or several days in a week.

In terms of age, those aged 15-74 years old smoke infrequently from several days a month to several days a year except those between 20-30 years old. When it comes to locale, both urban and rural smokers posted more than 50% daily smoking.

Overall Effect of SIN Tax Law to Smoking Consumption. As shown in Figure 4, 51% of smokers aware of STL claim to have reduced their cigarette consumption while 35% said that the law did not have any effect. Meanwhile, 9% of smokers changed cigarette brands and even increased their cigarette smoking. Finally, a few changed their cigarette brands at 3%.

FIGURE 4. OVERALL EFFECT OF SIN TAX LAW TO SMOKING CONSUMPTION, IN PERCENT

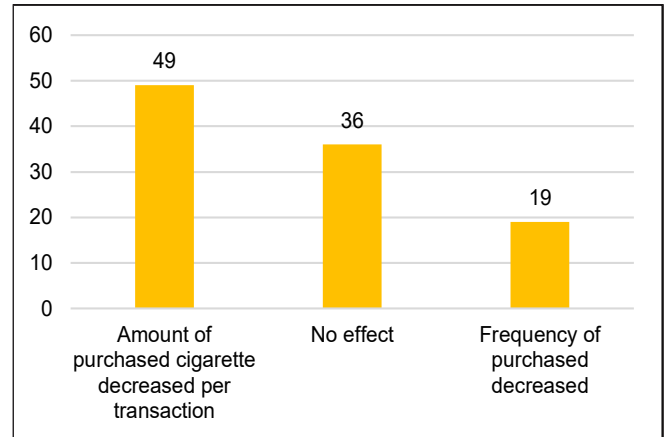


Source of basic data: Organic Intelligence Inc. GANESHA National Survey to Monitor the Impact of the SIN Tax Law

Overall Effect of SIN Tax on Purchasing Cigarettes. Figure 5 shows that in terms of amount bought, almost 50% said that with STL, they will likely decrease the

number of cigarettes they buy per transaction. A few 19% will lessen their frequency of buying cigarettes. Meanwhile, a third remains to be unaffected by the law.

FIGURE 5. OVERALL EFFECT OF SIN TAX ON PURCHASING CIGARETTES NATIONWIDE, IN PERCENT

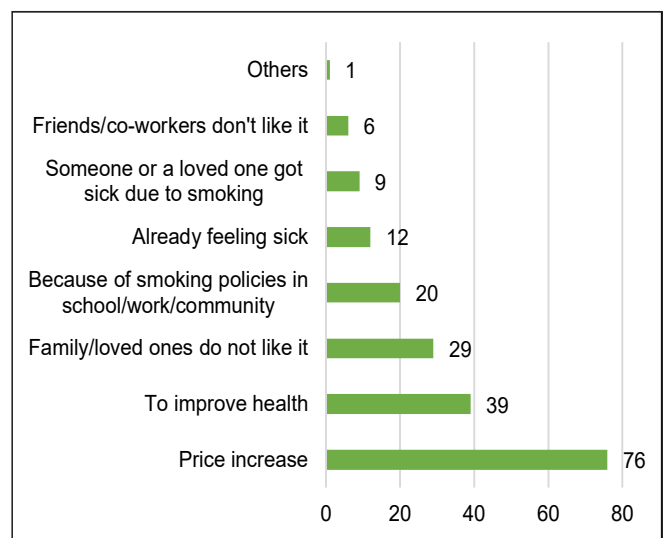


Source of basic data: Organic Intelligence Inc. GANESHA National Survey to Monitor the Impact of the SIN Tax Law

Main Driver for Reduced Cigarette Consumption.

Figure 6 presents that majority of those who reduced their cigarette consumption cite that increase in prices of cigarettes (76%) is their reason for this. Meanwhile, 39% stated that they wanted to improve their health. On the other hand, about a third said that their family/loved ones did not like cigarette smoking. A few 20% said that smoking policies in school, work or community are their reason for reduced cigarette consumption. When questioned at what price increase per stick would smokers consider quitting, one in two smokers who plan to quit in the future stated a P10 threshold.

FIGURE 6. MAIN DRIVER FOR REDUCED CIGARETTE CONSUMPTION, IN PERCENT



Source of basic data: Organic Intelligence Inc. GANESHA National Survey to Monitor the Impact of the SIN Tax Law