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Germany’s 20% alcohol tax increase would barely reduce drinking, AOK says

The draft adds only a few cents to spirits, leaving beer and wine that drive most consumption untouched.

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Germany’s planned use of health-related excise taxes could have sharply different effects across products, according to the AOK Federal Association, which said a proposed alcohol tax increase would likely do little to curb drinking because it is too

small and would leave beer and wine untouched.

In an audio interview published Wednesday, Oliver Huizinga, head of prevention at the AOK Federal Association, said so-called steering taxes can be effective public health tools when they are designed to change prices or product formulas in a meaningful way. He pointed to the federal government's current plans on tobacco, alcohol and sugary soft drinks as an early test of whether Germany is prepared to move beyond what AOK has described as a weak prevention record.

The comments come after the publication of the Public Health Index 2025, a report prepared by AOK together with the German Cancer Research Center. AOK said the index, released in December 2025, ranked Germany 17th out of 18 European countries reviewed. According to the group, Germany placed near the bottom in tobacco, alcohol and nutrition policy, while performing somewhat better on physical activity.

Huizinga said the index helped show how much Germany still relies on limited prevention measures, especially when it comes to shaping the environment in which people make health decisions. Since then, he said, the federal government has announced or begun work on several tax measures aimed at products seen as harmful to health.

He described such taxes as a "very effective" way to reduce consumption of products such as tobacco and alcohol, particularly among vulnerable groups including young people. He also said the taxes can generate revenue that could be used either to support the health system or, preferably, to fund prevention efforts.

But Huizinga drew a clear distinction between the government's tobacco proposal and its alcohol proposal. On tobacco, he said the current draft is "pretty good" because it would create a substantial price increase over several years. If enacted as planned, he said, it could have a meaningful preventive effect and might even be strengthened further in parliament. He added that a stronger tobacco tax could prevent thousands of new cancer cases over time.

His assessment of alcohol taxes was more skeptical. Under the government’s draft, taxes on spirits, sparkling wine and alcopops would rise by 20%. Huizinga said that sounds significant at first, but in practice it would translate into only a small increase on an individual drink, roughly a few cents, or around five cents on a long drink. In his view, that change would barely be noticed by consumers and would therefore have little preventive effect.

He also criticized the decision to exempt beer and wine, which he said account for roughly three-quarters of alcohol consumption in Germany. Because those categories would remain outside the increase, Huizinga said the current draft is not likely to produce a relevant public health impact.

That distinction could matter for the beverage sector because it suggests any immediate pricing pressure from the proposal would fall mainly on spirits, sparkling wine and ready-to-drink alcohol mixes, while leaving beer and wine producers outside the measure for now. If the draft remains unchanged, the likely effect on consumer demand could be uneven across alcoholic drinks, with only limited pressure on overall alcohol consumption.

Huizinga also discussed a separate tax the government is expected to introduce on sugar-sweetened beverages from 2027. He said the legal basis for a further legislative process was included in the law passed in July 2025 to stabilize statutory health insurance contribution rates. Unlike alcohol and tobacco taxes, he said, the goal for sugary drinks is not mainly to make products more expensive for consumers. Instead, the aim would be to push manufacturers to lower sugar content.

He pointed to the United Kingdom’s tiered levy on sugary soft drinks as a model. According to AOK, that approach led to a substantial reduction in sugar levels in soft drinks because it gave manufacturers a strong incentive to reformulate products. Huizinga said signs so far suggest the German government may follow the recommendation of the Health Finance Commission and adopt a similar design.

In that case, the main effect would likely be on recipes and product composition rather than retail prices. For beverage makers, that would shift the focus from short-term demand effects to possible reformulation costs and portfolio changes, especially in soft

drinks with higher sugar content.

The debate is also tied to how Germany plans to finance its public health system. Huizinga said the Health Finance Commission had recommended that revenue from these steering taxes should help the statutory health insurance system and support stable contribution rates. At present, however, he said additional revenue from tobacco and alcohol taxes is still set to flow into the general federal budget rather than directly to statutory health insurance.

Sugar tax revenue is being treated differently, he said, at least politically. According to Huizinga, the government has promised that revenue from a sugary drinks levy would help offset reductions in the federal subsidy to the health insurance system. Whether that principle will later be extended to tobacco and alcohol taxes remains open and could become part of the parliamentary debate.

He said lawmakers on the Bundestag health committee have broadly argued that these funds should not only support the insurance system but also be tied more clearly to health promotion. That could include spending on prevention in workplaces, daycare centers, schools and municipalities.

A second report from the Health Finance Commission is expected in December 2026 and will focus on medium- and long-term measures to stabilize Germany’s statutory health insurance system. Huizinga said prevention will have to play a central role in that discussion because, in his view, it will be difficult to stabilize the system over time without improving the overall health of the population as the country ages.

He said AOK expects the commission to put forward evidence-based proposals that go beyond taxes alone. In particular, he pointed to advertising and marketing restrictions as an area where Germany still has major gaps. He said alcohol advertising remains widespread in daily life, tobacco promotion is still allowed at the point of sale, and food products high in sugar, fat and salt can still be marketed with cartoon figures and toy giveaways.

Huizinga also said the legal prevention mandate of health insurers could be strengthened and that municipalities may need a more formal obligation to provide prevention and health promotion. He argued that local health promotion often fails

because cities and towns lack their own financial resources, a problem he said should be addressed if Germany wants broader implementation of public health measures.