PREVENTING OBESITY IN SOUTH AFRICA

The Burden of Obesity

• Obesity and non-communicable diseases (NCDs) related to nutrition- like heart disease and cancer- are the leading causes of death and disability globally. More than 2.1 billion people worldwide were overweight or obese in 2013, and the prevalence is rapidly increasing.1,2

• Obesity is more of a problem for low- and middle-income countries than for high-income countries.1-4

• Obesity causes increased health care costs, lost wages due to illnesses and disability, reduces work productivity, generates earlier retirement, and adversely affects people’s general well-being.5-7

In South Africa obesity is one of the top five risk factors for early death, and years lived with disabilities.11

A Major Cause Of Obesity: Consumption Of Sugary Drinks

• Excess sugar consumption is a major cause of obesity. It also increases the risk of diabetes, liver and kidney damage, heart disease, and some cancers.12,13

• The World Health Organization (WHO) and the World Cancer Research Fund have published guidelines that individuals should consume no more than 10% of total calories from added sugar, preferably less than 5%.12,13

• Keeping sugar consumption below 10% of total calories has become a global goal. The Pan American Health Organization (PAHO), World Cancer Research Fund, US National Academy of Medicine, and other global leaders recommend major reductions in sugar consumption.12-18

• Sugary drinks are a significant source of added sugar. These include carbonated and noncarbonated soft drinks, fruit drinks, energy and sports drinks, and all milk and yoghurt drinks with added sugar.

• High calorie drinks don’t reduce the appetite, so total calorie intake increases.19-21

• Sugary drinks have no nutritional value and are particularly harmful to the body in liquid form.22

• Sugary drinks are a major cause of increased calorie intake, weight gain, diabetes, hypertension, heart disease, and numerous other health problems.23-28 Children and adolescents are negatively affected by excessive consumption of sugary drinks.29,30

• Sugary drinks consumption is also linked with under-nutrition. In many African countries, infants consume sugary drinks as a weaning food, which has adverse effects on increasing under-nutrition and stunting.31,32 Stunted infants have a much greater risk of becoming obese and diabetic.33-36

• Sugar consumption through drinks is increasing globally.37,38 South Africans are among the top 10 consumers of soft drinks in the world.39

• Sugary drinks sales are growing by over 3% per year in South Africa.40
Why Tax Sugary Drinks?

- Sugary drinks taxes are a WIN-WIN for governments because they reduce sugary drinks consumption while increasing government revenue. 41
- Sugary drinks taxes reduce consumption and reduce the prevalence of diseases and death caused by excessive sugar intake. Economic simulations of consumer reaction to price increases predict reduced consumption. These economic models have been confirmed in jurisdictions that have enacted sugary drinks taxes. 41,47
- In South Africa, a tax of 20% on sugary drinks is estimated to reduce obesity by 3.8% in men and 2.4% in women resulting in 220 000 fewer obese adults, 48 and increase revenues, on average, by R7 billion per year which is ~0.7% of total fiscal revenue per year.
- In addition to reducing unhealthy beverage consumption, sugary drinks taxes also increase consumption of healthier options, such as water and milk. 42,49
- Sugary drinks taxes are particularly effective in reducing consumption and improving health among lower income consumers, who are more responsive to price increases and also suffer disproportionately from the ill effects of obesity. 50-54
- Sugary drinks taxes increase public awareness of the harms of sugary drinks and incentivizes the beverage industry to reformulate their products and market healthier beverages. 55
- Despite helpful declines in sugary drinks consumption produced by sugary drinks taxes, the tax on sugary drinks will generate significant new revenue that can be used to fund important health programmes. 41,56,57

Taxes Work: The Global Experience

- Mexico had the world’s highest intake of sugary drinks. After a modest sugary drinks tax of 10%, the country experienced a significant reduction in sugary drinks purchases. 42,43
- Mexico’s sugary drinks tax reduced consumption most significantly among lower-income and high-volume consumers, achieving health benefits for those with the greatest health risk. 58 One year later, sugary drinks purchases among the poorest third of the population were reduced by 9%. 42 Two years later, contrary to industry pronouncements, per capita sales and purchases of sugary drinks declined even further.
- After the tax, Mexican research showed that sugary drinks were being replaced by healthier beverages. 42
- The WHO and other global experts recommend that sugary drinks taxes should be 20% or greater in order to impact. 59-62
- The UK, Brazil, Chile and many other countries are promoting sugary drinks taxes of 20% or higher as an essential strategy for achieving major health benefits. 48,60,63-65
- Taxation has proven to be a successful health strategy. Taxes on unhealthy food products in Hungary and Denmark led to reduced purchases, as did a tax on non-essential food in Mexico. 44,66,67 Tobacco taxes have played a major role in reducing smoking around the world. 68

“Taxes on unhealthy food products in Hungary and Denmark led to reduced purchases, as did a tax on non-essential food in Mexico.”
TAXATION AND PRICE OF SUGARY DRINKS: COUNTERING INDUSTRY CLAIMS

CLAIM:
Taxing sugary drinks will not solve the obesity and diabetes problem.

TRUTH:
• The obesity and diabetes epidemics are complex. The two major causes of obesity (and associated diseases such as diabetes) are drinking sugary drinks and excessive sugar intake. Reducing sugary drinks won’t solve the problem alone but will play a major role in doing so.
• Sugary drinks are a major contributor to obesity and diabetes. Consumption must be reduced using a variety of initiatives, including taxes.
• Taxation is one of the most effective ways to reduce sugary drinks consumption because it reaches the entire population and is easily implemented.
• The revenue from these taxes could be used to promote health and reduce obesity and diabetes.
• A comprehensive approach is needed to address obesity, including sugary drinks taxes, marketing restrictions, front-of-package labeling, and other measures. There is therefore no reason to delay implementation.

“Reducing sugary drinks won’t solve the problem alone but will play a major role in doing so.”

CLAIM:
Taxes on sugary drinks will not lower consumption of these drinks. Evidence that a beverage tax will reduce consumption of sugary drinks is weak.

TRUTH:
• Taxes on sugary drinks have been proven to reduce purchase and consumption, proportionate to the size of the tax.
• Mexico’s sugary drinks tax (of about 10%) is working as predicted. Sugary drinks purchases fell by 6% in the first year of the tax. This impact increased over time during the first year of the tax.
• Economic theory and modeling shows that higher sugary drinks taxes would lower sugary drinks consumption even more than the changes seen in Mexico.
• The large amounts of money spent by beverage companies to oppose sugary drinks taxes strongly suggests they believe the taxes will reduce consumption. For example, between 2009 and 2014 beverage companies spent US$106 million on turning political and public opinion away from initiatives to curb sugary drinks consumption.
• In South Africa the beverage industry is employing similar tactics and has commissioned research discrediting the tax. Any research commissioned or funded by those with vested interests must be viewed with caution.
CLAIM:
Consumption of carbonated soft drinks and fruit drinks has been declining in many high-income and some low- and middle-income countries, but the obesity rates have not fallen.

TRUTH:
• Globally, while carbonated soft drinks and fruit drink sales are down from their peak, sales of OTHER sugary drinks—such as sports and energy drinks, vitamin waters, and sugared teas and coffees—are increasing.\(^{16}\) Substituting one sugary drink for another will not improve health.
• These recent declines come after massive increases in sugary drinks consumption over the past two decades. People across the globe are still drinking way too much liquid sugar. Sustained decreased consumption of sugary drinks aids weight loss.\(^{17-19}\)
• Lowering obesity rates will take time, just as it took decades for poor diets and excessive cold drink consumption to take effect. It will require many effective measures including restrictions on the marketing of unhealthy foods, better education and labeling.

“People across the globe are still drinking way too much liquid sugar.”

CLAIM:
All calories are equal. Calories are calories; it is unfair to target sugary drinks.

TRUTH:
• Many sugary drinks have no nutritional value. These “empty” calories cannot be fairly compared to the nutritious calories of other foods. For example, a person feels fuller and less hungry after eating an apple than after drinking a sugary soft drink.\(^{20}\)
• The sugars in sugary drinks alter the body’s metabolism, affecting insulin, cholesterol, and metabolites that cause high blood pressure and inflammation.\(^{1,21-23}\) These changes increase the risk of diabetes, cardiovascular disease, tooth decay, and liver disease.\(^{2,3,21,24}\)
• Large amounts of liquid sugar are especially harmful to the liver because they are very quickly absorbed and are associated with heart disease.\(^{21,25-28}\)

CLAIM:
Sugary drinks are not the only problem. Sugary drinks account for just a portion of calories in the average person’s diet. Obesity is caused by many factors.

TRUTH:
• The World Health Organization recommends major reductions in sugary drinks consumption, and notes that they are the top target for reduced consumption to decrease our risks of obesity, diabetes, and many other diseases, including tooth decay.\(^{2,32}\)
• In South Africa, as in other countries, sugary drinks are consumed differently across the population. For example, the elderly tend not to consume while 15-24 year olds are high consumers.\(^{33}\)
CLAIM: Sugary drinks are not to blame. Lack of physical activity and bad diets are the real culprits. Weight control is an issue of “calories in and calories out.”

TRUTH:
• Overwhelming scientific evidence shows reduced calorie intake is more effective than exercise for weight loss.\textsuperscript{34,35}
• An average adult would need to run at least two kilometers / jog for 20 minutes to offset drinking a can of cold drink (typically contains 150 kcals or 630 kJ). This is an unlikely proposition for most people.
• Studies have shown that people don’t consider the calories in drinks in the same way as the calories in what they eat. Consequently, sugary drink calories can therefore very quickly result in overconsumption and weight gain.\textsuperscript{36-38}
• Scientists agree that excessive sugar consumption is harmful, impacting the liver, heart, and teeth, and promoting diabetes independently of weight gain.\textsuperscript{1-4,32} Exercise alone cannot counteract all these negative effects.
• The beverage industry has spent large sums of money to distract people from effective weight loss approaches by trying to convince the public that physical activity is the ONLY way to control weight.

CLAIM: Individuals are responsible for their own choices. Why should everyone else have to bear the burden of people who make bad decisions and consume too many sugary drinks?

TRUTH:
• The global beverage industry spends billions on product advertising and then blames individuals for not practicing self-control. Heavy marketing of unhealthy products makes it difficult for individuals to make a well-reasoned choice.\textsuperscript{39}
• Everyone pays for healthcare and medical costs associated with obesity, diabetes, and other cardio-metabolic and dental health diseases. Government sponsored health care is paid for by taxpayers, and private healthcare is funded by medical aid premiums which rise as contributors become less healthy.\textsuperscript{40-42}

“The global beverage industry spends billions on product advertising and then blames individuals for not practicing self-control.”

CLAIM: Taxes on sugary drinks will result in smuggling or people crossing borders to buy sugary drinks more cheaply. The taxes will encourage cross-border buying of sugary drinks at lower prices.

TRUTH:
• It is both expensive to import and difficult to smuggle beverages across borders because of their weight and volume.
• There is no evidence to date on any sign of significant cross-border beverage shopping or smuggling.
CLAIM:
Taxes on sugary drinks will hurt the poor. The tax is regressive and will disproportionately hurt low-income people who can least afford it.

TRUTH:
• Sugary drinks HURT low income people disproportionately. The costs of these diseases (treatment costs, lost productivity and quality of life, family members providing care) are a heavier burden on lower-income households.40,44 The poor in South Africa are also reliant on an overburdened healthcare system, and are often diagnosed too late. Every week 150 people are diagnosed with diabetes related blindness. 48
• Because lower-income consumers are more responsive to price increases, they will reduce their consumption of sugary drinks more than will higher income consumers and will benefit more in terms of healthcare and costs.
• Since the poor are more responsive to prices, they will lower their purchases of sugary drinks more and therefore pay similar taxes to higher income people as a proportion of annual income.11,49 Those who stop buying sugary drinks will save money, and will have more to spend on healthier purchases.11

“Every week 150 people are diagnosed with diabetes related blindness.”

CLAIM:
Taxes on sugary drinks will hurt the economy. There will be job losses—in food retail, beverage manufacturing, and in the sugar industry—which will hurt struggling families. Consequently, the tax will have an adverse impact on the entire economy.

TRUTH:
• People who stop buying sugary drinks will instead spend money on less harmful drinks and other products.11 In Mexico, bottled water sales increased significantly after a sugary drinks tax was implemented.11
• Countries that have implemented sugary drinks taxes have not experienced job losses. Studies in the US and Mexico found no job losses in beverage manufacturing or the food retail industry.53 In Berkeley California US, food retail store revenues have not fallen due to the sugary drinks tax.54
• Sugar is a globally traded commodity, so a local sugary drinks tax is unlikely to affect the global demand for sugar.
• Consumption of sugary drinks hurts the economy - diabetes and heart disease are now affecting the most economically active portion of the population, placing a strain on the workforce.
• Obesity and related diseases are resulting in absenteeism, worker compensation claims and decreasing productivity.55
CLAIM:
Taxes on sugary drinks will not be passed down to consumers. Manufacturers will absorb the cost of the tax rather than pass it down to consumers, resulting in no overall rise in prices or reduction in consumption.

TRUTH:
• Peer reviewed research has shown that manufacturers for the most part have not absorbed the taxes.
• In most parts of Mexico, manufacturers completely passed down the sugary drinks tax to consumers (i.e. the price increase matched the tax amount).56
• In France, the sugary drinks tax was fully passed down on most sugary drinks and beverage manufacturers’ revenues actually rose in spite of a decline in sugary drinks consumption.57
• The degree to which manufacturers pass down taxes to consumers will depend on a number of factors, including market share of the various beverages they produce (i.e. how competitive the market is) and the amount of the tax increase. This is true for many products including tobacco, alcohol and beverages.58-61
• Only a few companies (oligopolies) dominate the beverage industry in most places, so sugary drinks taxes are expected to be passed down to consumers.61-63
• While manufacturers may choose to absorb some of the sugary drinks tax, a large increase will help ensure they cannot undermine the health impact of the tax by absorbing the tax entirely.

CLAIM:
Governments are over-reaching in enacting a tax on sugary drinks. Governments interfere with consumers’ freedom of choice when they tax sugary drinks, and their responsibility should be limited to educating the public on sugar consumption in general.

TRUTH:
• Consumers will still be free to buy sugary drinks.
• Governments must be concerned about the poor health of its citizens, and should take preventative action. This is a public—not a private—health issue.43
• Citizens have a right to health and government is duty bound to protect public health.
• Overconsumption of sugary drinks leads to serious, long-term health issues that carry immense cost for individuals, companies and the nation.44-47 Societal costs are not included in the purchase price of these products.
• Governments encourage beneficial behaviors and discourage those that are harmful. For example, prohibiting smoking in public areas, requiring seatbelt use, and regulating marketing of unhealthy foods to children.
• Sugary drinks manufacturers spend billions marketing unhealthy products, much of it directed at kids. The sugary drinks tax will help counter the impact of this.

Consumers will still have the freedom of choice.
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Our website will be launching on 11 October 2016. For the fully referenced fact sheet and additional info, visit www.heala.org.