

Why Tax Sugar-Sweetened Beverages?

The Burden of Obesity

- Obesity and non-communicable diseases like heart disease and cancer (NCDs) related to nutrition are the leading causes of death and disability globally. More than 2.1 billion people worldwide in 2013 are overweight or obese, and the prevalence is rapidly increasing.^{1,2}
- Obesity is now more of a problem for low- and middle-income countries than it is for high-income countries.¹⁻⁴
- Obesity also significantly increases health care costs, causes lost wages due to illnesses and disability, reduces work productivity, generates earlier retirement, and adversely affects well-being in many other ways.⁵⁻⁷
- Obesity rates in Latin America continue to increase rapidly. Over 50% of women in the region aged 19-50 are overweight or obese, and the figure is even higher for older women. Data on men is only available in a few countries, but shows similarly high rates.^{4,8-12}
- In Colombia, six of the major causes of death are NCDs (e.g. heart disease, diabetes, stroke, chronic pulmonary disease). NCDs account for 76% of disability in the country (MOH Colombia).³
- Poor diets and obesity are the top two major risk factors for NCDs in Colombia, including heart disease, stroke, diabetes, osteoarthritis, and some cancers. The risk of these NCDs increases with increases in body mass index (BMI).
- In Colombia, more than half (51%) of adults and 18% of children aged 5-17 are overweight, representing a 26% increase between 2001 and 2010.^{4,13,14}

A Major Cause of Obesity: Consumption of Sugar-Sweetened Beverages (SSBs)

- Excess sugar consumption is a major cause of obesity and its related diseases, as excessive sugar intake causes increased risk of diabetes, liver and kidney damage, heart disease, and some cancers.^{15,16}
- 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, and preferably less than 5%.^{15,16}
- Limiting 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, the Colombian government, and other global leaders recommend major reductions in sugar consumption.¹⁵⁻²¹
- Sugar-sweetened beverages (SSBs) or sugary drinks are a significant source of added sugar. SSBs include carbonated and noncarbonated soft drinks, fruit drinks, energy and sports drinks, and all milk and yoghurt drinks with added sugar.
- Intake of calories from sugary drinks is not compensated for by an equivalent reduction in calories from other foods. When we drink sodas and other SSBs, we may feel full, but we do not subsequently reduce the amount of food we eat, so total calorie intake increases.²²⁻²⁴
- SSB consumption leads to higher risks of diseases and death. SSBs are a major cause of increases in caloric intake, weight, and risk of diabetes, hypertension, heart disease, and numerous other health problems.²⁵⁻³⁰ Children and adolescents of all ages have been shown to be negatively affected by consuming SSBs.^{31,32}
- SSB consumption is also linked with under-nutrition. In many Latin American and African countries, infants consume SSBs as a weaning food, which has adverse effects on increasing undernutrition and stunting.^{33,34} Stunted infants have a much greater risk of becoming obese and diabetic.³⁵⁻³⁸

- Sugar consumption in the form of SSBs is increasing globally.^{39,40} Latin Americans consume very high levels of added sugar (more than triple the recommended by WHO).^{41,42} SSBs are the largest source of sugar in diets of most children, adolescents, and young adults in the region.⁴¹⁻⁴⁴
- Sales of SSBs are rising at a faster rate in Colombia than in any other Latin American country.⁴⁵

The Solution: Taxing Sugar-Sweetened Beverages

- SSB taxes are a WIN-WIN for governments because they reduce SSB consumption while increasing government revenue.⁴⁶
- SSB taxes reduce SSB consumption and reduce the prevalence of diseases and death caused by excess sugar intake. Economic simulations of consumers' responses to price increases predict reduced consumption as a result of SSB taxes. These economic models have been confirmed by actual jurisdictions that have enacted SSB taxes.⁴⁶⁻⁵²
- In Colombia, a tax of 20% on SSBs is estimated to reduce sugary drink purchases **by 23.4% and** increase revenues, on average, by \$1,350 billion Colombian pesos (\$450 million US), which is 0.94% of total fiscal revenue per year.⁵³
- In addition to significantly reducing consumption of unhealthy beverages, SSB taxes also increase consumption of healthier beverages, such as water and milk.^{47,54}
- SSB taxes are particularly effective in reducing consumption and improving health among lower income consumers because this group is more responsive to price increases. This is important because lower income people often suffer disproportionately from the ill effects of obesity.⁵⁵⁻⁵⁹
- Passage and implementation of SSB taxes increase public awareness of the harms of SSBs and incentivizes the beverage industry to reformulate their products and market healthier beverages.⁶⁰
- Despite helpful declines in SSB consumption produced by SSB taxes, the tax on sugary drinks will generate significant new revenue that can be used to fund obesity prevention efforts and other important health programs, thus enhancing its health impact.^{46,61,62}

Taxes Work: The Global Experience

- Mexico had the world's highest intake of SSBs. After a modest SSB tax of 10%, the country experienced a meaningful price increase, and a significant reduction in SSB purchases.^{47,48}
- Mexico's SSB tax most significantly reduced consumption among lower-income and high-volume consumers, thus achieving health benefits among the two groups with the greatest health risk⁶³. After the tax was in effect for one year, SSB purchases among the poorest third of the population were reduced by 9%.⁴⁷ In the second year of the tax, contrary to industry pronouncements, per capita sales and purchases of SSBs declined further above the yearlong decline.
- After the tax, Mexican research showed that SSBs were being replaced by healthier beverages.⁴⁷
- Even in high income lower SSB-consuming Berkeley Ca, USA, the SSB tax had positive impacts on reducing SSB frequency of consumption and increasing water consumption frequency⁶⁴.
- The WHO and other global experts recommend that SSB taxes should be 20% or greater in order to have any impact.⁶⁵⁻⁶⁸
- The UK, South Africa, and many other locations are now promoting 20% or higher SSB taxes as an essential strategy for achieving major health benefits.^{66,69-72}
- Excises taxes have worked for other unhealthy products. Taxes on unhealthy food products in Hungary and Denmark showed similar positive impacts in reducing purchases, as did a tax on non-essential food in Mexico.^{49,73,74} Tobacco taxes have played a major role in reducing tobacco use in jurisdictions around the globe.⁷⁵

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