Why Tax Sugary Drinks?

The Burden of Obesity

Global

- Obesity and non-communicable diseases (NCDs) like diabetes, heart disease and cancer related to nutrition are the leading causes of death and disability globally. In 2015, more than 2.2 billion people worldwide (or 1/3 of the world’s population) were overweight or obese, and the prevalence is rapidly increasing.1-3
- Obesity is now a bigger problem in low- and middle-income countries than in high-income countries.1, 4-6
- Excess body weight accounted for about 4 million deaths worldwide in 2015.3
- Obesity places a huge burden on the individual, governments and society. Obesity 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.7-9

Latin America

- 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 show similarly high rates.6, 10-14
- Childhood overweight and obesity prevalence are high in Latin America. Prevalence among children under five years old are as high as 13.7% in Belize, and are even higher for older children, ranging from 16.7% in Colombia to 43.9% in Mexico.15

Colombia

- 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).5
- 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 2010.6, 16, 17

Mexico

- The prevalence of overweight and obesity has reached ~35% among children and adolescents and 70% among adults.18
- Among adults, 31.5% have hypertension, 9.2% have been diagnosed with diabetes; and the main causes of mortality are cardiovascular disease, cancer and diabetes.19-21
- It has been estimated that in Mexico, 28% of diabetes and 62% of ischemic heart disease burden are attributable to inadequate dietary intake.21

Caribbean

Jamaica

- In Jamaica, 2013 data show that overweight rates are high in both adults and children. Like other countries, rates of overweight individuals are higher among women and girls than among their male counterparts—63% versus 37% in adults, and 31% versus 13.4% in children.5
• Given existing NCD trends, models estimate that NCDs will reduce Jamaica’s GDP by a total of US$ 18.45 billion between 2015 and 2030.22

Barbados
• In Barbados, 19% of adult men and 33% of women are obese according to 2014 data23, and 12.2% of children under five years old are overweight or obese15 according to 2012 data.
• $BDD 64million (1.1% of GDP) is spent every year treating NCDs, while another $BDD 145million (2.6% of GDP) is lost from the Bajan economy each year due to disability associated with NCDs.23

South Africa
• In South Africa, obesity related diseases (e.g., heart disease, diabetes, stroke, osteoarthritis, and some cancers) are among the top 10 causes of death, accounting for 43% of deaths2.
• In South Africa, obesity is one of the top five risk factors for early death and disability.24
• Obesity rates in South Africa are the highest in Sub-Saharan Africa and are continuing to increase rapidly, with almost 40% of women and 11% of men obese, and 69% of women and 39% of men being overweight or obese.2

A Major Cause of Obesity: Consumption of Sugary Drinks
• 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.23, 25
• 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%.23, 25
• On average, a single 20-oz (600ml) bottle of regular soft drink (one of many types of sugary drink) alone would provide 12% of total calories from added sugars for an adult (on a 2000 kcal/day diet).
• 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, the Colombian government, and other global leaders recommend major reductions in sugar consumption.23, 25-30
• Sugary drinks are a significant source of added sugar. Sugary drinks 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 sugary drinks, we may feel full, but we do not subsequently reduce the amount of food we eat, so total calorie intake increases.31-33
• Sugary drinks often have no nutritional value and are particularly harmful to the body in liquid form. Sugar in liquid form is absorbed more quickly by the liver than the liver might be able to process and release, the excess becoming stored as fat or glycogen deposits in the liver34. This can lead to fatty liver disease and increased risks for diabetes and other NCDs.
• Sugary drink consumption leads to higher risks of disease and death. Sugary drinks are a major cause of increases in caloric intake, weight, and risk of diabetes, hypertension, heart disease, and numerous other health problems.34-39 Children and adolescents of all ages have been shown to be negatively affected by consuming sugary drinks.40, 41
• Sugary drink consumption is also linked with under-nutrition. In many Latin American, Caribbean and African countries, infants consume sugary drinks as a weaning food, which has adverse
effects on increasing undernutrition and stunting. Stunted infants have a much greater risk of becoming obese and diabetic.

- It is hard to offset sugary beverage consumption with physical activity. For instance an 8 oz (237ml) can of regular soft drink would take 16 minutes of running and one mile of walking to offset. The normal intake of 20 oz (591 ml) will take 40 minutes of running and 2.5 miles of walking to offset.

- Sugar consumption in the form of sugary drinks is increasing globally.
  - Latin Americans consume very high levels of added sugar (more than triple the recommended by WHO).
  - Sugary drinks are the largest source of sugar in diets of most children, adolescents, and young adults in the region.
  - Sales of sugary drinks are rising at a faster rate in Colombia than in any other Latin American country.
  - In Jamaica, Coca-Cola increased sales of their soft drinks by more than 40% annually between 2014 and 2016.
  - South Africans are among the top 10 consumers (per capita) of sugary drinks in the world, and sugary drink sales are growing by over 3% per year in South Africa.

**The Solution: Tax Sugary Drinks**

- Sugary drink taxes are a WIN-WIN for governments because they reduce sugary drink consumption while increasing government revenue that can be used to fund other government services and initiatives.

- Sugary drink taxes reduce sugary drink consumption and reduce the prevalence of diseases and death caused by excess sugar intake. Economic models that predicted reduced consumption from sugary drink taxes have been confirmed by actual jurisdictions that have enacted such taxes.

- In addition to significantly reducing consumption of unhealthy beverages, sugary drink taxes also increase consumption of healthier beverages, such as water and milk.

- Sugary drink 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.

- Passage and implementation of sugary drink taxes increase public awareness of the harms of sugary drinks and incentivizes the drink industry to reformulate their products and market healthier beverages.

- Despite helpful declines in sugary drink consumption produced by sugary drink taxes, taxes on sugary drinks will generate significant new revenue that can be used to fund obesity prevention efforts and other important health programs, thus enhancing their health impact.

- In Colombia, a tax of 20% on sugary drinks is estimated to reduce sugary drink purchases by 22% and increase revenues, on average, by $1.5 billion Colombian pesos ($500 million US), which is 1.1% of total fiscal revenue per year.

- In South Africa, a 20% tax on sugary drinks is estimated to increase revenues, on average, by R7 billion per year, which is around 0.7% of South Africa’s total fiscal revenue per year.

- Beyond raising tax revenues, a 20% tax 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. There are significant healthcare cost savings for the government as well as for South African families. It is estimated that this tax may avert approximately 72,000 deaths, 55,000 stroke-related health-adjusted life years, and over R5 billion in healthcare costs over 20 years.

- Besides the economic and human costs of health-related harms due to sugary drink consumption, there are also major environmental (particularly water and carbon emission) costs.

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related to the production of sugary drinks. For a half liter (500 ml. or 17 oz.) of a regular soft drink, the total water lifecycle costs range from 168 liter from sugar beets to 309 liter for sugar cane.\textsuperscript{60-82} This water footprint includes caffeine and vanilla extract which accounts for about 120 liters. The carbon emissions (about 0.26% of all emissions for the entire UK) come mainly from packaging (59-87\%)\textsuperscript{83} and refrigeration (33\%), with transportation at 7\%.

Taxes Work: The Global Experience

- Mexico had the world’s highest intake of sugary drinks. The introduction of a modest sugary drink tax in Mexico in 2014 of one peso per liter (around 10\% tax) has effectively reduced sugary drinks consumption and is hailed globally as a successful, positive public health policy.

- After the tax was implemented, Mexico experienced a significant reduction in sugary drink purchases\textsuperscript{58, 59}, increases in water purchases\textsuperscript{58}, and no change in total employment\textsuperscript{84}.

- Mexico’s sugary drink tax most significantly reduced consumption among lower-income and high-volume consumers, thus achieving health benefits among the two groups with the greatest health risk\textsuperscript{85}. After the tax was in effect for one year, sugary drink purchases among the poorest third of the population were reduced by 9\%, compared to 6\% on average.\textsuperscript{58} In the second year of the tax, contrary to industry pronouncements, per capita sales and purchases of sugary drinks declined further.\textsuperscript{56}

- Mexican research shows that, after the tax, sugary drinks were being replaced by healthier beverages.\textsuperscript{58} Water purchases in the first year after the SSB tax increased by about 4\%.

- A 10\% reduction in sugary drink consumption among Mexican adults from 2013 to 2022 would result in 189,300 fewer type 2 diabetes cases, 20,400 fewer strokes and heart attacks, 18,900 fewer deaths, and 983 million dollars saved in Mexico.\textsuperscript{86}

- Based on the first year reduction in sugary drink consumption in Mexico, it is estimated that 10 years after implementation, Mexico’s sugary drink tax will result in an average 2.5\% reduction in obesity prevalence (with the largest reductions for lowest-income groups).\textsuperscript{87}

- Improvements in health from sugary drink taxes benefit the economy—rather than harming it, as opponents try to claim. There was no decrease in total employment, and the working population can become healthier and more productive.

- Employment in commercial stores selling food and beverages, including in the beverage manufacturing sector, did not decrease after Mexico’s sugary drink tax was implemented. This was due to purchases of substitute foods and beverages like water.\textsuperscript{84}

- Even in high income lower sugary drink-consuming Berkeley California, USA, the sugary drink tax had positive impacts on reducing sugary drink purchases and consumption frequency and increasing water sales and consumption frequency.\textsuperscript{65, 88}

- The WHO and other global experts recommend that sugary drink taxes should be 20\% or greater in order to have meaningful impact.\textsuperscript{89-93}

- The UK, Ireland, Saudi Arabia, the UAE, India, South Africa, and many other countries and cities have now passed 20\% or higher sugary drink taxes as an essential strategy for achieving major health benefits.\textsuperscript{78, 90, 94-96}

- 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.\textsuperscript{60, 97, 98} Tobacco taxes have played a major role in reducing tobacco use in jurisdictions around the globe.\textsuperscript{99}
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