While nutrition education and other behavior change interventions may reduce consumption at the individual level, widespread and lasting behavior change may be difficult to achieve in adults. Therefore, many countries explore a combined approach with population-based fiscal policies such as sugary drinks taxes to complement education programs that address individual behavior change. Evidence shows that a tax on sugary drinks that rises prices by 20% can lead to a reduction in consumption of around 20%, thus helping to prevent obesity and diabetes. Mexico had the world’s highest intake of sugary drinks. The introduction of a modest sugary drink tax of one peso per liter (around 10% tax) in Mexico in 2014 has effectively reduced sugary drinks consumption. After the tax was implemented, Mexico experienced a significant reduction in sugary drink purchases (5.5% in year one and 9.7% in year two) increases in water purchases, and no negative impact on total employment.

In addition to significantly reducing consumption of unhealthy beverages, sugary drink taxes also increase consumption of healthier beverages, such as water and milk. In Berkeley, California, bottled water sales increased by 15.6% while sugary beverage sales declined by 9.6% in Berkeley stores in the first year of the SSB tax. Sugary drinks’ taxes are particularly effective in reducing consumption and improving health among lower income consumers because this group is more responsive to price increases.

Heads of CARICOM have also pledged their support of public health measures like taxes on foods and drinks high in sugar to address NCD issues.
Demonstrated Impact

- The sugary drinks tax in Mexico has worked. A recent study found that there has been a reduction in sugary drink purchases for both years following the sugary drinks passage in Mexico. The reduction was even greater in the second year of the tax than in the first year (an average 9.7 percent reduction versus 5.5 percent) and purchases of untaxed beverages such as bottled water increased 2.1 percent during the same two-year time period.

- Barbados and Dominica introduced taxes on sugary beverages in 2015. In Barbados, the tax led to a decrease in sales of sugary beverages of 4.3 percent while leading to an overall 5.2 percent increase in non-sugary beverage sales (particularly water), demonstrating the effectiveness of tax in encouraging healthy behavior change.

- Excise 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. Tobacco taxes have played a major role in reducing tobacco use in jurisdictions around the globe.

Progressive Solution to Tackle Obesity

- By improving health and productivity, as well as reducing health care costs, sugary drinks benefit the economy—rather than harming it, as opponents try to claim. The consumption projections from Mexico’s sugary drinks tax are projected to reduce the burden of diabetes and cardiovascular disease, lower mortality, and decrease healthcare costs related to diabetes—making the working population healthier and more productive.

- Employment in stores selling food and beverages, including in the beverage manufacturing sector, did not decrease after Mexico’s sugary drinks tax was implemented, in part because consumers purchased substitute foods and beverages like water.

References

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