

# Sugar Sweetened Beverages taxes in the Caribbean - progress and challenges.

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# Who is applying the tax ?



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Health  
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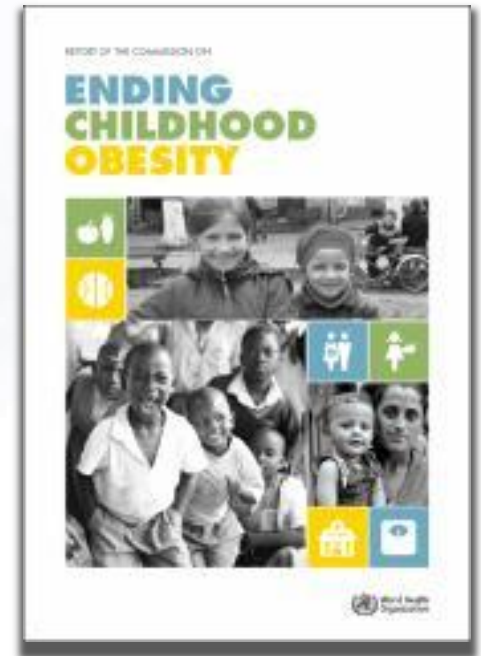
# Why an SSB Tax ?

- A recent meta-analysis concluded that higher prices, resulting from the use of excise taxes, were associated with decreased consumption of sugar-sweetened beverages.
- In Latin-America, the case of Mexico provides preliminary evidence that the tax policy (10%) is effective in reducing consumption of sugar-sweetened beverages (12%).
- A recent study of cross-price and income elasticities of demand of sugar-sweetened beverages in Ecuador concludes that consumption of these products is sensitive to price changes and the implementation of taxes on said beverages could be effective in reducing their consumption.



**“The rationale for taxation measures to influence purchasing behaviours is strong and supported by the available evidence.”**

*- WHO Report of the commission ending childhood obesity, 2016.*



# Why do we need to reduce consumption ?

- Childhood Weight Status in Barbados has changed from:
  - 39% of children classified as malnourished in 1975 to
  - 20% of 10-19 year olds being overweight in 1981 to
  - 46% of 13-15 year olds being overweight or obese in 2011
- 2005 dietary pattern study in Barbados shows that sugar intake exceeded the Caribbean recommendations almost four-fold
- Sugar Sweetened drinks provide over 40% of total sugar intake
- In 2011 over 73% of students stated that they usually drink carbonated soft drinks one or more times per day





# Why do we need to reduce consumption ?

## Global School-based Student Health Survey

### Dominica 2009 Fact Sheet

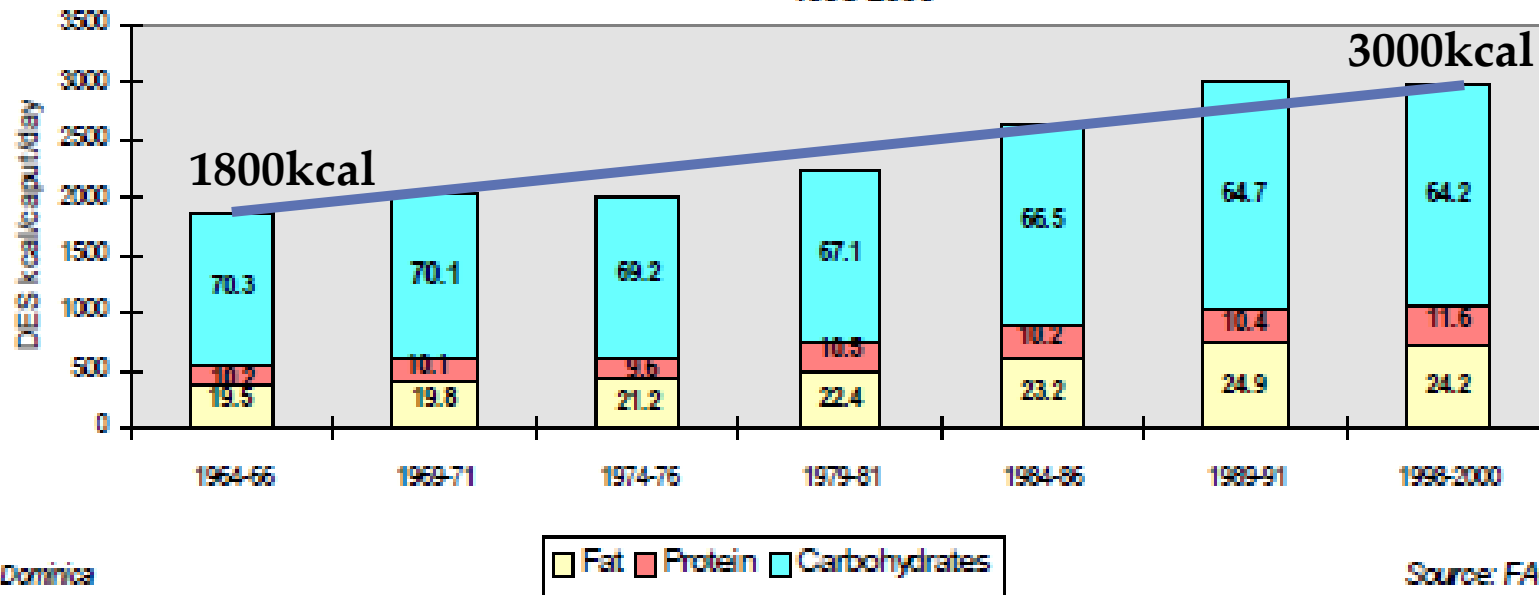


Results for students aged 13-15 years	Total	Boys	Girls
<b>Dietary Behaviours</b>			
Percentage of students who were underweight ( $< -2SD$ from median for BMI for age and sex)	<b>3.9</b> (2.5-6.0)	<b>4.7</b> (2.7-7.9)	<b>2.9</b> (1.4-6.1)
Percentage of students who were overweight ( $> +1SD$ from median for BMI for age and sex)	<b>24.8</b> (21.6-28.3)	<b>24.0</b> (19.6-29.0)	<b>25.9</b> (22.0-30.2)
Percentage of students who were obese ( $> +2SD$ from median for BMI for age and sex)	<b>9.1</b> (6.9-11.9)	<b>8.8</b> (6.0-12.7)	<b>9.6</b> (6.6-13.6)
Percentage of students who usually drank carbonated soft drinks one or more times per day during the past 30 days	<b>55.8</b> (51.5-60.0)	<b>56.3</b> (50.2-62.2)	<b>55.3</b> (50.3-60.1)

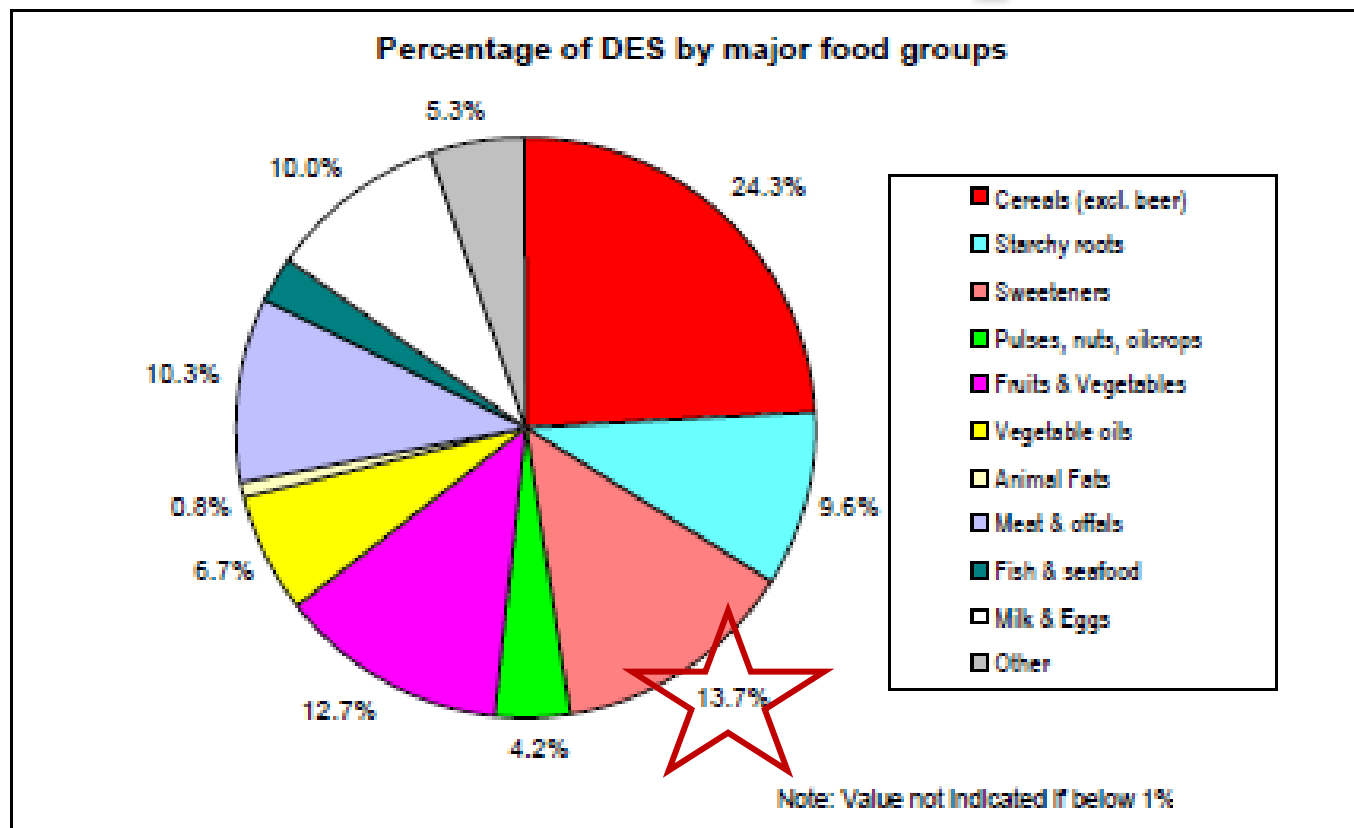


# Why do we need to reduce consumption ?

**Figure 1:** Share of protein, fat and carbohydrate in Dietary Energy Supply Trends from 1964-66 to 1998-2000



# Why do we need to reduce consumption ?





# What have the leaders agreed to ?

- UN High Level Meeting on NCDs (2011)

“43. Advance the implementation of multisectoral, cost-effective, population-wide interventions in order to reduce the impact of the common non-communicable disease risk factors, ..... through the implementation of relevant international agreements and strategies, and education, legislative, regulatory and fiscal measures”



# What have the leaders agreed to ?

- WHO Global Action Plan for the Prevention and Control of NCDs (2013)

“as appropriate to national context, countries consider the use of economic tools that are justified by evidence, and may include taxes and subsidies, to improve access to healthy dietary choices and create incentives for behaviours associated with improved health outcomes and discourage the consumption of less healthy options”.



# What have the leaders agreed to ?

- COTED Meeting (2015)

## 15.2 Child Obesity – Economic Sector-Related Aspects of its Prevention

- Agree to review and have further consultations on adopting a suite of policy actions .....(e) Trade and fiscal policies
- 5.1 Selectively adjust sales taxes to align with the nutritional value of foods





# What have the leaders agreed to ?

- CARICOM Heads of Government (2016)

“As the Tenth Anniversary of the historic Port of Spain Declaration “Uniting to fight the Non-Communicable Diseases (NCDs)” draws near.....In this regard, they pledged to address issues such as .....elevating taxes on foods high in sugar, salt and trans-fats.”



# Where are we now ?

- Barbados(2015)
  - 10% excise tax on SSBs
- Dominica (2015)
  - Excise Tax of \$0.20 per litre on soft drinks
  - 10% on Energy Drinks
- St Vincent and the Grenadines (2016)
  - VAT on sugar
  - PM Dr The Hon Ralph Gonsalves in his 2016 budget address stated:

***“In addition to all the health and wellness initiatives to be further deployed and enhanced in this battle, I intend to apply our fiscal policy to spur a reduction in the consumption of sugar and certain drinks”***



# Where are we now ?

Before the Soda Tax

Chicken Barn Warrens 421-2276	
Host: Felicia	10/18/2014
Your #179	12:35 PM
	10080
Order Type: TAKE AWAY	
SnackBox Combo	0.00
Super SnackBox	17.85
Breast	
Diet Coke	3.30
SnackBox Combo	0.00
Super SnackBox	17.85
Breast	
Diet Coke	3.30
SnackBox Combo	0.00
Super SnackBox	17.85
Breast	
Sprite	1.65
SnackBox Combo	0.00
Super SnackBox	17.85
Breast	
Sprite	1.65
Subtotal	69.19
Tax	12.11
TAKE AWAY Total	81.30

After the Soda Tax



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# Where are we now ?

- Price elasticity models for SSB sales estimate a **6-16% reduction** with a **10% tax rate**.
- Although the academic evidence suggests that taxes on sugary drinks are working as intended, it also indicates that design can undermine much of the benefit.
- Tax may be partially or fully absorbed by the retailer



# Where are we now ?



- If non SSB is \$1.90 then a 10% tax on SSB should be at least \$0.19 which would make the price of an SSB equal to \$2.09
- If the price of SSB is \$2.00 then the real price difference is only 5.26%
- Retailer is absorbing 4.74% of tax
- Net effect of the tax on sales will be much lower than what price elasticity models predict



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## Editorial

# Beating diabetes and other NCDs

OVER the last couple weeks there has been much talk among Barbadians and reports in the various media about sweetened beverages and the impact they have been having on the society; and rightly so, it could be argued, as our country is one that cannot afford for any more of our people to develop diabetes.

Barbados has been known to perform over 200 di-



“While then we commend Government for implementing a 10 per cent tax on imported and locally produced sweetened beverages, we think that perhaps they have to go a step farther, making the tax higher to make persons think twice about having that sweet drink.”





# Where are we now ?

- Industry pressure to rescind the tax has been there from the start

*"When we imposed the tax on sweet drinks, it was such a shock to those who export sweet drinks to Barbados and who have taken over the tastes and the palates of our people; that a whole delegation flew into Barbados from the United States of America. The delegation was led by former governor of a State in the United States of America wanting to meet with me and wanting to meet with the Minister of health and so on, to try to convince us that we should remove the tax. They tried to tell us that if we were good enough to remove the tax, they would help us in other ways with this whole issue of chronic non communicable diseases. We said thanks, but no thanks."*

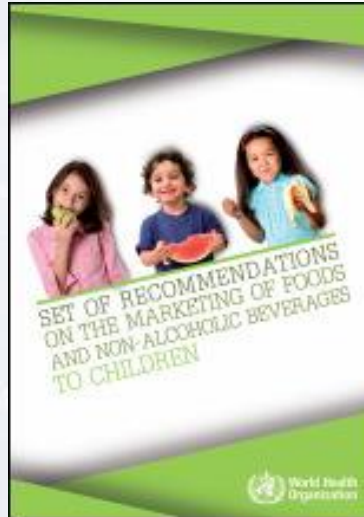


*Prime Minister Stuart at the Annual Errol Barrow Memorial Dinner in Toronto  
(Reported by the Barbados Advocate on 7 October 2015)*

# Where are we now ?



# Where are we now ?





***“The soda tax is not a silver bullet.  
Taxation is one of many instruments  
available to promote healthier diets and  
should be seen as part of a package of  
policies aimed at altering consumers’  
choices”***

