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No 'Business as Usual' against Non-Communicable Diseases

The crucial role of civil society

The battle over the tax on sugary drinks in Mexico

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On January 1st, 2014, a tax on sugary drinks of around 10 percent took effect in Mexico, making it the first country to impose such a tax which, due to its size, could have an impact on lowering consumption. The tax bill faced stiff resistance from the soft drink industry. Opposition to the tax, in the country with the highest consumption of sugary drinks in the world, was overcome by the combined efforts of three different actors:a network of NGOs, a state-controlled academic institution, and recommendations of various international agencies, especially the Pan American Health Organization. The original proposal called for a 20 percent tax; however, the 10 percent tax has helped drive down consumption and has set an example for several nations, regions, and cities which have implemented similar taxes.

“12 teaspoons” campaign Photo: © Alianza por la Salud Alimentaria

Mexico was the first country to establish a tax on sugary drinks capable of affecting sales of such products, and consequently reduce consumption. Other countries, like France, Norway, and Hungary had created lower taxes, but they were not considered burdensome enough to reduce consumption.

The tax on sugary drinks established in Mexico was 1 peso per liter, equivalent to around 10% of the average cost of such beverages. Following the enactment of the tax on sugary drinks in Mexico, equal or slightly higher taxes have been imposed, or have been approved for implementation, in countries like Portugal, the United Kingdom, India, South Africa, Saudi Arabia, and Cataluña and in the American cities of Albany, Berkeley, Boulder, Philadelphia, Oakland, and San Francisco.

Before the tax, Mexico had become the world’s greatest consumer of sugary drinks, based on figures from 2012, with an average per capita consumption of 163 liters. As a result, sugary drinks provide 70% of added sugars in Mexicans’ diet.

This has contributed to a public health catastrophe. For example, deaths due to diabetes in Mexico rose from around 46 thousand in the year 2000 to 105 thousand in 2016. Mexico became the country with the highest rate of deaths due to diabetes among nations with more than 60 million inhabitants. In Mexico, around 75 thousand people a year undergo amputations due to diabetes.

The sugary drink tax bill

In Mexico, the tax bill succeeded as the result of a vigorous campaign implemented by a group of NGOs, working together through the Alliance for Nutritional Health; crucial contributions by academia through the National Institute of Public Health; recommendations of international agencies, especially the World Health Organization, acting through the Pan American Health Organization; and lobbying efforts with lawmakers and the executive branch.

The soft drink industry marshalled intense opposition to the tax, headed by the National Association of Producers of Soft Drinks and Carbonated Beverages and ConMexio, an association representing the entire food and beverage industry. With deep pockets, these companies and associations deployed a powerful lobbying and advertising campaign, through the leading public relations agencies.

For the soft drink industry, the tax represents the worst possible threat to sales. An internal document from Coca Cola Europe shows how the world’s largest sugary drinks company sees the tax as the measure most likely to cause harm to its business.

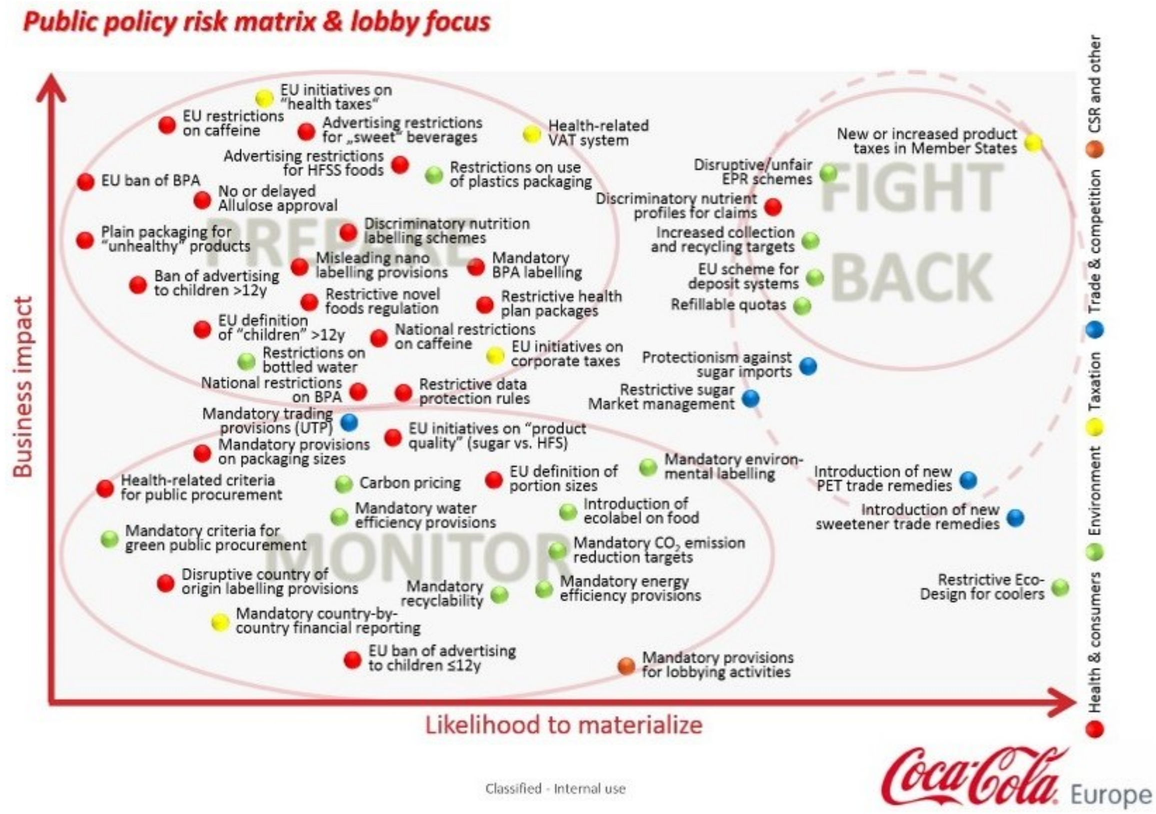

Photo: © Coca Cola, internal document

NGOs vigorous campaign to illuminate the public

1. Step: The danger of obesity

The strategy NGOs followed was, first, to exhibit the human drama diabetes represents as a means of giving the epidemic a face and building awareness of the need for immediate action. The campaign "First obesity, then diabetes" in the subway and some billboard advertisements showed images of people with amputations, blindness, and even cases of death from diabetes.

"First obesity, then diabetes" campaign. Photo: © Alianza por la Salud Alimentaria

The campaign focused on informing the population of the extent of the disease by providing hard figures. For example, through documents and public events, it pointed out that between 2006 and 2012, there were 500 thousand deaths due to diabetes. It was essential to focus public opinion on the scale of the problem and emphasize the need to respond with action.

2. Step: "Would you eat 12 teaspoons of sugar?"

The second phase consisted of a campaign focused on informing the public of the sugar content of a 600-milliliter bottle, the size most widely consumed in Mexico, in a manner people could easily understand. The campaign asked: "Would you eat 12 teaspoons of sugar? Why do you drink soda?" With a picture of a bottle and 12 teaspoons of sugar. Another advertisement in the same campaign showed the hand of an adult offering a boy and a girl a bottle of soda, asking: “Would you give them 12 teaspoons of sugar? Why do you give them soda?”

“12 teaspoons” campaign. Photo: © Alianza por la Salud Alimentaria

In these campaigns, the Alliance for Nutritional Health published documents, held press conferences and organized academic forums and public events to distribute information and create images for the media.

3. Step: Water anstead of soda

The third campaign was designed to directly promote the tax on sugary drinks. Its main slogan was: “Tax on soda for drinking fountains in schools.” Using the tax to raise funds for drinking fountains in schools was a proposal which a group of organizations had presented before the Alliance for Nutritional Health was formed. In Mexico, most schools lacked water fountains with guaranteed water quality and it was important to ensure access to water in a place where children spend several hours a day.

"Tax on soda for drinking fountains in schools". Photo: © Alianza por la Salud Alimentaria

The soft drink industry used three arguments against the tax (similar to those employed by the tobacco industry):

1. the tax would cause the loss of thousands of jobs among sugarcane producers and workers in the soft drink industry and would cause closing of thousands of small retail businesses;
2. sugary drinks represent a very low percentage of calories consumed, and therefore the tax would not have health benefits;
3. the tax would affect the poorest consumers.

The concerned NGOs presented the bill for a 20% tax on sugary drinks to senator Marcela Torres Primbert, who agreed to sponsor it and in turn presented it to the Senate in late 2012. In July 2012, Mexico had held a presidential election and the president-elect was to be inaugurated December 1st . The leading political parties agreed not to pass any tax reforms that year. Senator Torres Primbert took the bill to the Ministry of Finance in 2013 and the president included a tax on sugary drinks in the tax reform package he presented that year as part of the new administration's strategy.The original version of the bill was amended, lowering the tax from 20% to 1 peso per liter, which is around 10%.

The tax reform was enacted in 2013 and as part of it the tax took effect on January 1st, 2014. The tax applies to all bottled beverages with added sugar and is a tax on volume.

The tough-minded battle of the soft drink industry

As part of its strategy against the tax, the soft drink industry paid for three studies conducted by academic institutions in Mexico (Universidad Autónoma de Nuevo León, Instituto Tecnológico Autónomo de México, and El Colegio de México), all seeking to show that the three arguments it had used against the tax were being fulfilled. The study by Autónoma de Nuevo León focused on reporting that more than 10 thousand jobs had been lost due to the tax. The study by Instituto Tecnológico Autónomo de México reported that the tax had reduced consumption of sugary drinks by an insignificant percentage which did not affect daily calorie intake, and therefore produced no health benefit. On the other hand, the study by El Colegio de México reported that the tax had significantly affected the finances of Mexico's poorest families.

None of the three studies funded by the soft drink industry was published in a scientific journal or subject to peer review. However, the soft drink industry disseminated them worldwide as part of its efforts to oppose sugary drink tax bills being put before legislatures of several countries, touting them as scientific evidence that such taxes do not work.

The arguments of the soft drink industry were unsustainable - the tax was a success

Assessments of the tax's impact on sales of sugary drinks which have been published in reputable scientific journals, and consequently been subject to peer review, have reported a drop in consumption of 6% in the first year (2014) and around 8% in the second year (2015). Such assessments, conducted by the National Institute of Public Health in Mexico and the Population Center at the University of North Carolina in the U.S., have been published in the British Medical Journal, Health Affairs, Plus One, and The Journal of Nutrition.

A review of official statistics by the National Institute of Public Health reported that no drop in employment in the soft drink industry or in small retail businesses has been imputed to the tax on sugary drinks. The Alliance for Nutritional Health found that the impact on the cane sugar industry was caused in the past not by the tax but by substitution of cane sugar with high-fructose corn syrup in sugary drinks by major soft drink makers. In relation to the tax's impact on the poorest families, the reply was that those families saw the greatest reduction in consumption of sugary drinks and that the poorest families are – precisely – the most vulnerable to, and harmed by, the epidemics of obesity and diabetes.

In conclusion, the tax on sugary drinks has worked, and has had the effect of reducing and slowing trends in consumption of sugary drinks in Mexico. The tax should be raised to 20%, as the World Health Organization has proposed and recommended, and the funds collected should be channeled to prevention. To date, only 11 thousand drinking fountains have been installed in Mexican schools, despite a commitment to install a total of 40 thousand by the end of 2018. The investment in drinking fountains represents a small fraction of revenues from the tax on sugary drinks.Therefore, the potential benefits of investing the money collected on prevention can be enormous.

Achieving transparency in and using sugary drink tax revenues to improve conditions for the most vulnerable segments of the population and prevent obesity and diabetes, as is already being done in some cities in the United States, maximizes the measure's impact, helping transform obesogenic environments and putting healthier options in reach of the population.

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