

A REVIEW OF THE SUGAR TAX IN THE UK AND AN EVALUATION OF OTHER POSSIBLE ALTERNATIVES TO THE TAX

SKÚMANIE DANE Z CUKRU VO VEĽKEJ BRITÁNII A HODNOTENIE INÝCH MOŽNÝCH ALTERNATÍV DANE

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ABSTRACT

The United Kingdom of Great Britain and Northern Ireland (UK) made headlines when the UK government announced it would be introducing a tax on drinks which have high levels of added sugar which will be put into force in April 2018. However the UK is not the first country which has implemented a tax on sugar or other unhealthy food. There are also other countries which are contemplating similar taxes. So why have these taxes all of a sudden become so interesting for governments? Lillford¹ states that for the UK the intention is to reduce children's intake of sugar and reduce the overall incidence of Type 2 diabetes. The good news is that there is evidence that such taxes can help to reduce sugar intake, with Mexico effecting a 12% fall, and Hungary a massive 40% drop. But these figures have been disputed and there is generally a lack of evidence investigating the effectiveness of such taxes and the assessment of other alternatives compared to taxation is also limited. The aim of this article is to analyse the situation in the UK and analyse the process of implementation of this new tax together with its set goals. It is also necessary to take a sample of selected countries to get a bigger picture of the prevailing attitudes of governments to introducing such taxes. Obviously a tax on sugar is not the only tax which countries have implemented so it is also important to examine the different effects of different taxation and other alternatives to taxation and whether they are optimal or not. Alongside this evaluation it is also very important to look at the reaction of the food industry and the possible effects it might have on it.

ABSTRAKT

Spojené Království Velké Británie a Severního Irska (UK) se dostalo do pozornosti, když vláda oznámila, že zavede daň na nápoje s vysokou mírou přidaného cukru, s účinností od března 2018. Avšak UK není první zemí, která implementovala daň z cukru nebo jiná nezdravá jídla. Existují také jiné země, které o zavedení podobné daně uvažují. Proč tomu tedy tak je, že znenadání se zavedení daní tohoto typu stalo pro vlády států takto zajímavé? Lillford² tvrdí, že v případě UK je záměrem snížení příjmu cukru u dětí a snížit tak celkovou incidence diabetes druhého typu. Dobrá zpráva je, že existují důkazy o tom, že zavedení takovéto daně může vést ke snížení přísunu cukru, v případě Mexika došlo k dvanácti procentnímu snížení, v Maďarsku pak o masivních čtyřicet procent. Ale tato čísla byla zpochybněna a všeobecně existuje nedostatek důkazů zabývajících se efektivitou takovéto daně a zhodnocení jiných alternativ v porovnání se zdaněním je taktéž limitované. Cílem tohoto článku je analyzovat situ-

¹ LILLIFORD, P. A Tax on Sugar. *The Chemical Engineer*. 2016. 7-8/2016. 37-39. ISSN 1385-8947. p.37.

² LILLIFORD, P. A Tax on Sugar. *The Chemical Engineer*. 2016. 7-8/2016. 37-39. ISSN 1385-8947. p.37.

aci v UK a analyzovat proces implementace této nové daně společně s jejími předpokládanými cíli. Je také nezbytné podívat se na příkladech na vybrané země, aby bylo možno s nadhledem zhodnotit převažující postoje vlád k zavádění daní tohoto typu. Samozřejmě daň z cukru není jedinou daní, které země zavedly, takže je také nutné zhodnotit odlišné efekty zdanění a jejich optimálnost. Souběžně s tím je také důležité analyzovat roli a reakci dodavatelů zasažených tímto krokem.

I. INTRODUCTION

The paper aims to outline the sugar tax that will be implemented in England and Wales (which is often referred to as the UK sugar tax although Scotland and Northern Ireland are not included) and the possible effects that it might have. The paper will also outline various other approaches which governments have implemented or could consider as an alternative to the tax. These will be evaluated and where possible examples from other countries will be used to give support or to question such policies. Throughout the article the reaction and actions of the beverage industry are also examined and evaluated.

Firstly it is important to note that the UK government opted for a relatively long transition time. Colborne³ points out that the British Chancellor of the Exchequer George Osborne announced the tax in the 2016 budget on 16 March. So the industry and the government have just over two years to prepare themselves for the tax. The tax will not affect all drinks either and is implemented at two different rates. The sugar tax is due to come into force in April 2018 and Monday's draft should confirm a levy of 18p a litre on soft drinks with more than 5 grams of sugar per 100ml, and a second, higher band of 24p on those with more than 8g per 100ml. Drinks with less than 5g of sugar will be exempt. The government expects to raise £520m in the first year.⁴

There are also some drinks that have more than the stated limits of sugar but will be exempt. Pure fruit juices will be exempt but health officials stress people should limit consumption of these beverages to no more than 150ml per day. Likewise, sugary milkshake and yogurt drinks will also be excluded.⁵ The exemption of milkshakes has been defended as being necessary as researchers have found that teenage girls often do not consume the daily recommended calcium intake and to put the tax on sugary milkshakes may have a further negative impact on this.

Obviously the beverage industry is opposed to the sugar tax as it will have an effect on their sales or if they decide to absorb the cost on their profit. But can the industry come up with any relevant arguments why they should not have these taxes imposed on them?

II. VARIOUS POLICIES AND APPROACHES

Firstly the industry has been reforming itself and has already come up with a sugar reducing strategy. Dennis⁶ believes that the soft drinks industry has been pursuing a policy of reducing sugar in its products for several years, with the British Soft Drinks Association claiming sugar levels have reduced by 17% over the last five years with the industry well on the way to achieving its target set in 2015 of a 20% reduction by 2020.

³ COLBORNE, M. Britain's Sugar Tax tackles obesity. *CMAJ*.2016. 4/2016. E134. ISSN 1488-2329. p.134.

⁴ DANESHKHU, D. *Drinks companies cut sugar contents as tax looms*. [online]. Financial Times, 2016 [quoted 26.6.2017]. Available at: <https://www.ft.com/content/55900cd4-b8d4-11e6-961e-a1acd97f622d>.

⁵ SMITH, S. *UK pushes ahead with sugar tax* [online]. BBC, 2016 [quoted 26.6.2017]. Available at: <http://www.bbc.com/news/health-38212608>.

⁶ DENNIS, M. *Learn to live with the sugar tax* [online]. Independant Retail News, 2017 [quoted 26.6.2017]. Available at: <http://en.tjpu.findplus.cn/?h=articles&db=bth&an=120899613>.

So it could be argued that the beverage industry is acting responsibly and they are aware of the related health problems their products contribute to and they are taking action to rectify it and thus there is no need for the intervention of government. Some observers are cynical of the real motivation behind the government taxing sugar. Pacyniak⁷ in his editorial column stated that he is fundamentally opposed to any kind of food tax and that he still believes in that age-old maxim that there are no bad foods, just bad diets. That said, he sees more and more municipalities reverting to a sugar sin tax as a revenue generator. So how should the sugar tax be viewed? Is it just another money generating scheme used to indirectly tax citizens or is it the action of a caring and proactive government?

If we put to one side the money making incentive of a sugar tax what other arguments or reasons do advocates for the tax put forward? The British government argues that the sugar content in food is one of the major contributing factors to the obesity epidemic in Britain. Consuming too much sugar can lead to weight gain and related health and dental problems. In England, almost two-thirds of adults are overweight or obese; a tenth of 4 to 5 year olds and almost a fifth of 10 to 11 year olds are obese. Treating obesity and its consequences alone currently costs the NHS £5.1 billion every year. If the nation dropped its sugar intake to recommended levels within 10 years, over 4,000 early deaths and over 200,000 cases of tooth decay would be avoided and the burden of diseases associated with obesity such as diabetes would be reduced, saving the NHS around £480 million every year.⁸

These figures surely highlight the possible gains for governments and their citizens through implementing taxes aimed at reducing sugar intake. If we accept the figures and the fact that sugar is public enemy number one, the question still remains why the UK government is solely targeting the drinks industry. Why not introduce an all-encompassing sugar tax aimed at food generally. Here it might be useful to have a look at the situation in the US. Sugar-sweetened beverages (SSBs), which include carbonated soft drinks (CSDs), fruit drinks, and sports and energy drinks, accounted for an estimated 7% of total energy intake for an average American in 2005-2006 (National Cancer Institute 2010) and are a significant risk factor for obesity and obesity-related health complications.⁹

So there seems to be a strong link between SSBs and obesity. If you then look at the amount of SSBs consumed in the UK it is quite staggering. Britons love sugary drinks, they quaffed 14.8 billion litres of pop, or 232.9 litres each. By comparison, Canadians drank an estimated 70 litres each in 2015.¹⁰ It is needless to point out that the consumption of SSBs in Britain is far too high and that consumption of such drinks greatly increases a person's sugar intake. So if we put it into this perspective it is reasonable to aim taxes at SSBs. Again if we accept that taxing SSBs is fair or at least understandable is it the best way to reduce consumption? The assumption here is that if you make the drink more expensive the less people will consume and this will have a positive effect on their weight. WHO also supports the notion that small changes in diet can have a big overall effect on our health.

Interventions outside the health care system can have a significant impact on a nation's health, as recognised in WHO's health-in-all-policies framework. Small changes in diet for many individuals can translate into large population health gains at relatively low cost and government finance departments in particular can improve population health by establishing

⁷ PACYNIAK, B. Looming on the horizon, a sugar tax? *Candy Industry*.2017, 1/2017, 8. ISSN 0745-1032. p.8.

⁸ STEPHENSON, J. *New evidence review of measures to reduce sugar tax consumption* [online]. Public Health England press office, 2015 [quoted 27.6.2017]. Available at: <https://www.gov.uk/government/news/new-evidence-review-of-measures-to-reduce-sugar-consumption>.

⁹ ZHEN, Ch. et al. By Ounce or by Calorie: The differential effects of alternative sugar-sweetened beverage tax strategies. *American Journal of Agricultural Economics*.2014, 96/4 1071-1083. ISSN 0002-9092. p.1071.

¹⁰ SMITH, S. *UK pushes ahead with sugar tax* [online]. BBC, 2016 [quoted 26.6.2017]. Available at: <http://www.bbc.com/news/health-38212608>.

incentives and disincentives to drive change throughout the food system, including consumer purchases.¹¹ So it would seem that even small changes could bring big benefits and it is more than possible that a tax on SSBs would deter consumers and thus reduce the consumption of SSBs and as a result reduce total sugar consumption. But as highlighted by WHO tax is not the only method of encouraging a healthier diet, incentives also have a role to play. The role of incentives will be discussed in more detail later.

Before Britain introduced the sugar tax on SSBs the government commissioned a review of the options open to government in trying to fight the countries addiction to sugar. Here are some of the recommendations from the report. The evidence review shows¹² that action to reduce sugar consumption levels could include, but is not limited to, reducing:

- the volume and number of price promotions in retail and restaurants
- the marketing and advertising of high sugar products to children
- the sugar content in and portion size of everyday food and drink products

The review also suggests consideration of a price increase, through a tax or a levy, as a means of reducing sugar intake, though this is likely to be less effective than the three measures set out above. So it is interesting that the UK chose to introduce a tax when there were other more potentially effective options open.

The first recommendation from the review¹³ highlighted the problem of product promotions in shops and restaurants and this is something that has become ubiquitous in British retail. Common promotions are buy two get one free. There are also others which offer more product for the same price e.g. 50% extra. Research has shown that such promotions are predominantly for unhealthy food. A Which agency analysed data from price comparison website mySupermarket on special offers from Asda, Morrisons, Ocado, Sainsbury's, Tesco and Waitrose between April and June. Its researchers found that of the 77,165 promotions, 53% involved less healthy foods – those high in fat, saturates, sugar or salt – compared with healthier products (47%). Comparing different food groups, it was found that 52% of confectionery was on offer compared with only about a third of fresh fruit and vegetables. Seven in 10 (69%) soft drinks that fall into the higher sugar category (more than 8% sugar content) of the government's proposed sugar tax were also on promotion. The most promoted so called less healthy" products were frozen chips and potatoes (78%), pizzas (70%) and soft drinks (70%), while the least promoted were within meat, dried fruit, fish and seafood categories (all 32%). In a separate survey, 29% of people polled by the agency said they struggled to eat healthily as they thought healthier food was generally more expensive.

So it would seem a logical step to put pressure on supermarkets and restaurants to abandon these practices or as a final resort draw up legislation to ban such practices. Such bans have already been advised by the Commons Health Select Committee. The Committee said¹⁴ that it was extremely disappointed with ministers for ignoring the advice of public health experts and not implementing stronger controls on junk food marketing. The report claimed that the Government's obesity plan had completely missed the impact of deep discounting and

¹¹ ESCOBAR, M. et al. *Evidence that a tax on sugar sweetened beverages reduces the obesity rate: a meta-analysis* [online]. BMC Public Health. 2013 [quoted 26.6.2017]. Available at: <https://bmcpublihealth.biomedcentral.com/articles/10.1186/1471-2458-13-1072>.

¹² STEPHENSON, J. *New evidence review of measures to reduce sugar tax consumption* [online]. Public Health England press office, 2015 [quoted 27.6.2017]. Available at: <https://www.gov.uk/government/news/new-evidence-review-of-measures-to-reduce-sugar-consumption>.

¹³ NEILL, A. *Supermarket price promotions targeting less healthy food, survey finds* [online]. The Guardian, 2016. [quoted 27.6.2017]. Available at: <https://www.theguardian.com/money/2016/aug/04/supermarket-price-promotions-targeting-less-healthy-food-survey-finds>.

¹⁴ HURST, P. *Supermarkets Could Be Banned from Selling Discount Junk Food* [online]. Munchies, 2017 [quoted 27.6.2017]. Available at: https://munchies.vice.com/en_uk/article/supermarkets-could-be-banned-from-selling-discount-junk-food.

price promotions on sales of unhealthy food and drink. It recommended that measures be put in place to reduce and rebalance the number and type of promotions in all retail outlets, including restaurants, cafes, and takeaways.

It seems quite a logical step that if the government is serious about tackling the obesity epidemic that promotions for unhealthy products should be curtailed and promotions for healthier products should be encouraged. As it was demonstrated above some people are put off healthier alternatives because they are more expensive. The second area identified in the report concerned marketing and advertising aimed at children. It is widely accepted now that advertisements aimed at children have a significant effect on the products they choose to buy. The promotion of potentially unhealthy food and beverage products is now widely recognized in Europe as a significant risk factor for child obesity and for the development of diet-related non-communicable diseases. Reviews¹⁵ conducted for WHO (1–3), for European parliamentarians (4,5) and for national agencies in Europe and the United States of America (6,7) have all concluded that, despite substantial gaps in the evidence, advertising and the promotional marketing of foods and beverages have enough effect on children's diets to merit action.

When it comes to advertising aimed at children the UK has recently introduced some new regulations toughening what can be shown on TV and all other media where 25% of the audience are children. Online ads for food and drinks high in fat, salt or sugar aimed at children are to be banned under new rules from advertisers. The Committee on Advertising Practice (CAP) said its restrictions would also apply to all other media where under-16s made up a quarter of the audience. The rules are an attempt to help tackle obesity when children are spending more time online than ever before. But critics say the new rules do not go far enough and may not have any impact. They point to the thousands of children watching TV shows and videos online not specifically targeted at children, which these rules will not cover.¹⁶

Although these tougher regulations have been criticised it seems a fair attempt at tackling the problem of advertisements aimed at children when it is taken into consideration that adverts can no longer use cartoon characters or famous singers that would appeal to children. It means manufacturers will not be allowed to use Disney films, cartoon mascots such as Tony the Tiger, and stars of sport and music to advertise unhealthy products. Existing controls on TV adverts for foods high in fat, salt and sugar (HFSS) are to be extended to cover websites, games, apps, social media and magazines. The rules, which cover products including sugary drinks, burgers, cereal and sweets, will also stop the adverts on posters near schools.¹⁷

When it is considered how children can be influenced by cartoons and especially popular cartoon characters these new steps could have a positive effect on children's eating habits. It must also be pointed out that there are very few complaints in the UK about advertisements that are aired on children's television time. Then again, Watson¹⁸ claims, the British advertising industry has experienced few complaints from parents. The proportion of complaints about ads that relate to concerns about children is minuscule. In fact, the all-time number-one complained about ad in the UK was for Kentucky Fried Chicken, and the reason was that people in the commercial were speaking with their mouths full.

¹⁵ SIMON, T. *Marketing of foods high in fat, salt and sugar to children: update 2012–2013* [online]. WHO regional office for Europe, 2014 [quoted 27.6.2017]. Available at: http://www.euro.who.int/_data/assets/pdf_file/0019/191125/e96859.pdf.

¹⁶ THAW, J. *Children's online junk food ads banned by industry* [online]. BBC, 2016 [quoted 27.6.2017]. Available at: <http://www.bbc.com/news/health-38239259>.

¹⁷ POULTER, S. *Junked! After TV ban, now all junk food adverts that use children's mascots are to be banned* [online]. DM, 2016 [quoted 27.6.2017]. Available at: <http://www.dailymail.co.uk/news/article-4011922/Junked-TV-ban-junk-food-adverts-use-children-s-mascots-banned.html>.

¹⁸ WATSON, B. *The tricky business advertising to children* [online]. The Guardian, 2014 [quoted 27.6.2017]. Available at: <https://www.theguardian.com/sustainable-business/advertising-to-children-tricky-business-subway>.

So perhaps this trivialises the problems with advertisements on children's television but it is still a valid point that there are very few complaints about general advertisement content. So at least on the second recommendation from the evidence review commissioned by the government there has already been some action taken and when put together with the sugar tax it may have a significant effect. The third recommendation put forward by the government sponsored review suggested the reduction in the portion size of food alongside the reduction of the sugar content in the products. If the portion size of food and how it has changed over the last 50 years is examined it would show that there have been some significant changes. The authors¹⁹ cited figures which show that a range of everyday supermarket products have increased in size over the last 20 years. Pies, muffins, bagels, pizzas and packets of crisps are sold in larger packets than they were in the 1990s. But the authors, warned that people need to go back even further - to the 1950s when some food was still rationed - to really see their health improve.

Also a study commission by the British heart foundation found that the increase in portion sizes is varied depending on brand and product area. In 2008, the Food Standards Agency commissioned an independent review of trends in portion sizes in the UK to assess whether there had been changes in portion sizes of foods since the 1990s. The review²⁰ made a number of findings:

- Portion sizes for white bread slices have increased, particularly for medium sized bread
 - While traditional biscuits have not significantly changed, premium/luxury cookies are now available and likely to be larger and more energy dense
 - There was considerable variation sizes of pizzas, meat products, and potato products/ savoury snacks
 - There has been a clear increase in individual servings for ready meals
 - Weights of commercial sandwiches vary widely
- There is a wide variation in portion sizes for:
- chips and roast potatoes, with smaller crisp packets only available in multipack – while larger sharing packs have also been introduced
 - There is a wider choice of pack size for chocolate – for example, 'treat size', 'snack size', and sharing packs. Multipacks tend to contain smaller pack sizes.

This research was followed up by a workshop with academic experts. Within this discussion there was general agreement that consumers find it difficult to estimate how much food they have consumed and that this is particularly the case for larger portion sizes. Also, while portion sizes had not increased across all foods, the strength of the evidence led the workshop to conclude that there was a need for action in this area. From the evidence presented it would seem that action on the sizing of products would also be a welcome addition in the fight against obesity. Obviously creating legislation implicitly stating the weights and portion sizes would be an expensive and time consuming task, but the government has the power to influence manufacturers and perhaps it would not be a bad step to introduce stricter guidance with the input of the food industry to gradually reduce portion sizes and try to standardize product ranges.

However there are still some other strategies which are worth considering that the government sponsored review did not come up with. Warning labels and plain packaging might be considered as a way of reducing the consumption of junk food very much in the style of

¹⁹ SPENCER, B et al., *Take portion sizes back to the 1950s to beat obesity,' say scientists who warn servings have ballooned* [online]. DM, 2015. [quoted 27.6.2017]. Available at: <http://www.dailymail.co.uk/health/article-3343129/Take-portion-sizes-1950s-beat-obesity-say-scientists-warn-portions-20-years-ballooned.html>.

²⁰ JOHNSON, F. *Portion Distortion Report 2013* [online]. British Heart Foundation. 2013. [quoted 27.6.2017]. Available at: <https://www.bhf.org.uk/publications/policy-documents/portion-distortion-report-2013>.

the regulations controlling the tobacco industry. Leng²¹ believes that we should not advertise, propagate or encourage the unnecessary ingestion of calories. There should be some way of regulating the desire to get more calories. We don't need these calories. Colourful wrapping of high energy foods of course makes you buy more of that stuff and once you have it in your fridge, it's in front of you every time you open the fridge and ultimately you're going to eat it and eat too much. Another research²² worth mentioning investigated the influence of various measures such as plain packaging and warning labels. The online experiment suggests that plain packaging and warning labels reduce young people's preferences for, and reported likelihood to buy, SSBs. Of the experimental conditions examined, plain packaging had the most significant negative impact on predicted product preferences, and was associated with less positive perceptions of those who might consume the product. These results align with findings from studies of plain packaging for tobacco products. Addition of a warning label also had a significant negative impact on predicted SSB preferences. A text-only warning label, recently proposed as a potential public health policy to reduce intake of SSBs, reduced perceived product attractiveness, quality and taste.

The above mentioned study is adding to the growing body of evidence that plain labelling and health warnings could be an effective way to battle the obesity epidemic around the world. Others are not so convinced though. The food industry is obviously nervous and rather negative about any regulations that could affect their commercial viability. They also reject the comparison between smoking and eating junk food. Some in the industry argue there is no clear medical evidence categorically connecting junk food with ill health.

It is true and it is something that the food industry likes to highlight that the consumption of junk food is not the only problem for people becoming obese. The industry would point out people are less active than in the past and that the government should encourage more physical activity. A number of countries have decided to introduce a sugar tax and it's not just a modern phenomenon. Denmark introduced a soda sugar tax back in the 1930s which they repealed in 2014, which is bucking the general trend as more and more countries have been introducing some kind of tax on sugar sweetened drinks. There are also a number of cities that have passed sugar taxes in the United States.

III. EFFECTS OF A SUGAR TAX

At this point it would seem logical to have a look at some of the countries that have introduced the sugar tax and examine the effect it has had. An analysis of sugary-drink purchases, carried out by academics in Mexico and the United States, has found that the 5.5% drop in the first year after the tax was introduced was followed by a 9.7% decline in the second year, averaging 7.6% over the two-year period.²³ These are significant reductions and they will hopefully continue and have the desired positive impact on health although it is still too early for this to be quantified. France has chosen a slightly different way of implementing a sugar tax which some have criticised alongside with the ban on free re-fills.

Hungary's tax, which also applies to salt and fat, varies according to the amount of offending ingredient used. A review of the policy found that 40% of manufacturers had adjusted their recipes accordingly. This fits with the inclination of the drinks industry, which has been

²¹ LENG, F. *Would plain packaging make you eat less food?* [online] Cambridge, 2017 [quoted 26.6.2017] Available at: <http://www.cambridge-news.co.uk/news/health/would-plain-packaging-make-you-12703568>.

²² BOLLARD, T. et al. Effects of plain packaging, warning labels, and taxes on young people's predicted sugar-sweetened beverage preferences: an experimental study. *International Journal of Behavioural Nutrition and Physical Activity*. 2016. 13:95. 1-7. ISSN 1479-5868. p.5.

²³ BOSELEY, S. *Mexico's sugar tax leads to fall in consumption for second year running*. [online]. The Guardian, 2017 [quoted 26.6.2017] Available at: <https://www.theguardian.com/society/2017/feb/22/mexico-sugar-tax-lower-consumption-second-year-running>.

experimenting with less sugary drinks. Coca-Cola, for instance, recently launched a product called “Coca-Cola Life”, which is made with a mix of sugar and stevia, a calorie-free sweetener. Yet France taxes sugary and diet beverages alike, giving the industry little incentive to make its drinks.²⁴ If the introduction of the sugar tax is really implemented to reduce sugar intake then the Hungarian method seems to fit this aim the most as it is not only discouraging customers through price increases but encourages producers to produce products with less sugar in so as to avoid the tax. Which seems to tackle the problem from two sides which is surely the most economical way to do it.

Four years since the tax was introduced, consumption of taxable unhealthy foods in Hungary has decreased. Many food manufacturers have reduced or eliminated unhealthy ingredients in their products, population awareness of healthy eating has increased, and approximately US\$ 219 million in revenue has been raised and earmarked for health spending.²⁵ So at least in Hungary there seems to have been a lot of positive outcomes from the tax on junk food. However there are some other negative impacts of introducing a sugar tax. A primary argument the industry uses against SSB taxes is that they will cause considerable regional job losses. Indeed, a recent study showed that the most frequent opposing argument in news coverage of public debates over SSB taxes focused on how such taxes would hurt the economy.²⁶

With research from Oxford Economics showing up to 1,800 jobs in the pub and restaurant sector alone are at risk from this tax, the Government should think again about this unnecessary burden on our nation’s pubs.²⁷ The same kind of arguments were also used against introducing smoking bans in public places arguing that people would prefer to stay at home and smoke rather than smoking in designated places outside a pub or restaurant but this reality never came into being. A review²⁸ of the evidence on the impact of the law in England, was commissioned by the government and carried out. The report concluded that the law has had a significant impact. Results show benefits for health, changes in attitudes and behaviour and no clear adverse impact on the hospitality industry.

This perhaps demonstrates that we should not rely on the predictions of the industry affected of how such taxes are going to affect them. Others have also claimed that although consumers will stop buying SSBs they will buy other drinks that are not subject to the tax. So if there are some job losses in one area they will be offset with gains in another. Since the tax in Mexico specifically targets sugar-sweetened beverages, Howard²⁹ argued that there are other ways in which small grocers and big industry alike would continue to make money and not lose jobs. When taxed, many soda consumers simply switch to healthier alternatives, such as bottled water, that are not taxed. This claim is also supported by the rise in the amount of bottled water now sold in Mexico.

A study published in January in the BMJ shows that sales of the taxed beverages in Mexico fell by an average of 6% in 2014, and declined by as much as 12% in the last month of the year. In addition, purchases of water and nontaxed beverages increased by about 4% on aver-

²⁴ MANNOR, T. *Taxing sugary drinks*. [online] The Economist, 2015 [quoted 27.6.2017]. Available at: <http://www.economist.com/news/finance-and-economics/21679259-taxes-fizzy-drinks-seem-work-intended-stopping-slurping>.

²⁵ WHITBOURNE, S. *Good practice brief*. [online]. WHO. Health office for Europe. 2013 [quoted 26.6.2017]. Available at: http://www.euro.who.int/__data/assets/pdf_file/0004/287095/Good-practice-brief-public-health-product-tax-in-hungary.pdf?ua=1.

²⁶ POWELL, L. et al. Employment Impact of Sugar-Sweetened Beverages Taxes. *American Journal of Public Health*. 2014. 104/4, 672 – 677. ISSN 1541-0048. p.672.

²⁷ RODIONOVA, Z. *Sugar tax: UK businesses claim levy will result in job losses and higher prices* [online]. The Independent, 2016 [quoted 27.6.2017]. Available at: <http://www.independent.co.uk/news/business/news/sugar-tax-uk-effects-obesity-levy-higher-prices-job-losses-businesses-claim-a7193351.html>.

²⁹ HOWARD, J. *Do soda taxes work? Experts look to Mexico for answers* [online]. CNN, 2016 [quoted 26.6.2017]. Available at: <http://edition.cnn.com/2016/11/01/health/soda-tax-benefits-mexico/>.

age.³⁰ The soda industry tend to misrepresent the impact of the soda tax by highlighting the impact on jobs and its ineffectiveness. The industry ignores the fact that consumers are switching to healthier alternatives and thus expanding jobs and sales in another area. There is no doubt that the soda industry is a big and powerful industry for lawmakers to take on. The industry is very lucrative for companies and they are able to put a huge amount of resources into promoting their products and their view of soda taxes.

The sugar-sweetened beverage industry's lobbying group, the American Beverage Association, and its two largest members, Coca-Cola, and PepsiCo, spent at least \$67 million fighting local soda taxes and warning labels on drinks in 19 cities and states since 2009, according to a report by the Center for Science in the Public Interest.³¹ What is perhaps more alarming is the other ways in which the industry is using financial incentives to influence other organisations and charities. The industry donations created clear-cut conflicts of interest for the health groups that accepted them. The report found a number of instances in which influential health groups accepted beverage industry donations and then backed away from supporting soda taxes or remained noticeably silent about the initiatives. In one instance cited in the study³², the non-profit group Save the Children, which had actively supported soda tax campaigns in several states, did an about face and withdrew its support in 2010. The group had accepted a \$5 million grant from Pepsi and was seeking a major grant from Coke to help pay for its health and education programs for children.³³

So it would appear that the soda industry is trying to muddy the issue of sugar taxes by using altruistic methods to influence organisations and charities that have influence over public opinion. It must be very difficult for public funded organisations to resist the pull of such big financial donations which they depend on to survive. Obviously the organisations and charities that accept such funding from soda companies deny any undue influence and it is for different reasons that they have changed their focus. But the more sceptical among us would not be able to reject the link between financial donations and a change in policy. There seems to be an increasing trend of governments favouring some kind of sugar tax in order to fight the obesity epidemic.

IV. CONCLUSION

To conclude it is generally accepted that sugar intake can be linked to obesity. It has not been proven that a sugar tax is the best way to reduce obesity (it is also questionable how effective such a tax would be). What can be taken from the evaluation of a sugar tax and other policies aimed at reducing obesity is that a combined policy tackling different factors such as banning advertising for sugar laden products (or any junk food), plain packaging, subsidies for fruit and vegetables must be implemented alongside such a tax to have the biggest impact on reducing obesity. It is also important to bear in mind that all of these measure are vigorously fought against by the industry and the lobbyists they employ making it increasing more difficult for governments to implement such taxes. The dual tax system as was demonstrated earlier is more effective than a flat rate tax or as in France a tax that does not distinguish between sugar and artificially sweetened drinks. The WHO has also strongly supported the poli-

³⁰ SOARES, A. *Putting taxes into the diet equation* [online]. WHO, 2016 [quoted 27.6.2017] Available at: <http://www.who.int/bulletin/volumes/94/4/16-020416.pdf>.

³¹ CHO, W. *Soda Industry Spent \$67 Million Fighting Sugar Taxes and Health Labels Since 2009* [online]. EBE 2016 [quoted 26.6.2017] Available at: <https://www.eastbayexpress.com/SevenDays/archives/2016/09/23/soda-industry-spent-67-million-fighting-sugar-taxes-and-health-labels-since-2009>.

³² Same source of information.

³³ O'CONNOR, A. *Coke and Pepsi Give Millions to Public Health, Then Lobby Against It* [online]. NYT, 2016 [quoted 27.6.2017]. Available at: https://www.nytimes.com/2016/10/10/well/eat/oke-and-pepsi-give-millions-to-public-health-then-lobby-against-it.html?_r=1.

cy of introducing sugar taxes but it is still too early to judge the effectiveness of these measures. One thing is clear action needs to be taken but a sugar tax on its own is not the sole or most effective solution.

KEY WORDS

sugar tax, obesity, sugar sweetened beverages (SSBs), beverage industry.

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daň z cukru, obezita, cukrem slazené nápoje, nápojový průmysl.

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