

Attention: Mr Allen Wicomb [awicomb@parliament.gov.za](mailto:awicomb@parliament.gov.za)

23 January 2017

**To: The South African Standing Committee on Finance and Portfolio Committee on Health**

The [NCD Alliance](#) considers fiscal policies to improve diet – particularly taxation and subsidies – important population-based policy interventions to reduce the consumption of calorie-dense foods and promote healthy diets to address obesity and NCDs.

The Addis Ababa Action Agenda<sup>1</sup> established taxation as a central pillar for financing sustainable human development. The document highlights the enormous burden that NCDs place on developed and developing countries alike and acknowledges prices and tax measures as an effective and important means to reduce consumption and health-care costs, as well as a revenue stream for financing for development.

As clearly stated by leading scholars on the causes of obesity and related diseases such as diabetes, in a letter sent to the Committee on 18 January 2017, the science on the role of Sugar-Sweetened Beverages (SSBs) is clear; excess sugar consumption is a major cause of obesity and its related diseases. **We therefore express our strong support for taxation of SSBs in South Africa as a critical highly effective measure and part of a broader program to address these issues.** Specifically:

- 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.<sup>1,2</sup>
- Consumption of each additional serving of any sugary drink from zero to one to two and more, leads to higher risks of diseases and death. SSBs are a major cause of increases in caloric intake, weight, and risk of diabetes, hypertension, heart disease, and numerous other health problems.<sup>3-8</sup> Children and adolescents of all ages also have been shown to be negatively affected by consuming SSBs.<sup>9,10</sup>
- 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%.<sup>1,2</sup> Limiting 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, and other global leaders recommend major reductions in sugar consumption.<sup>1,2,11-15</sup>
- SSB consumption is also linked with under-nutrition. In many African and Latin American countries, infants consume SSBs as a weaning food, which has adverse effects on increasing undernutrition and stunting.<sup>16,17</sup> Stunted infants have a much greater risk of becoming obese and diabetic.<sup>18-21</sup>
- Between 2001 and 2015, sales of SSBs in South Africa grew by over 65%, reaching 262ml per capita per day.<sup>22</sup> Contemporaneously, between 1998 and 2012, obesity prevalence grew from 30.0% to 39.2% among women, and from 7.5% to 10.6% among men.<sup>23,24</sup>

**The Solution: Taxing Sugar-Sweetened Beverages**

- SSB taxes are a WIN-WIN for governments because they reduce SSB consumption while increasing government revenue.<sup>25</sup>
- Prospective modelling studies have demonstrated a 20% tax on SSBs in South Africa could reduce obesity prevalence by 3.8% among men and 2.4% among women, and raise annual revenues of ZAR6.4 billion which could be used to further target obesity and obesity-related non-communicable diseases.<sup>26,27</sup>

<sup>1</sup> [http://www.un.org/esa/ffd/wp-content/uploads/2015/08/AAAA\\_Outcome.pdf](http://www.un.org/esa/ffd/wp-content/uploads/2015/08/AAAA_Outcome.pdf)

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- In addition to significantly reducing consumption of unhealthy beverages, SSB taxes also increase consumption of healthier beverages, such as water and milk.<sup>28,29</sup>
- SSB 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.<sup>30-34</sup>

### Taxes Work: The Global Experience

- Mexico had the world's highest intake of SSBs. After a modest SSB tax of 10%, the country experienced a meaningful price increase and a significant reduction in SSB purchases.<sup>28,35</sup>
- Mexico's SSB 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.<sup>36</sup> After the tax was in effect for one year, SSB purchases among the poorest third of the population were reduced by 9%.<sup>28</sup> In the second year of the tax, contrary to industry pronouncements, per capita sales and purchases of SSBs declined further above the yearlong decline.
- After the tax, Mexican research showed that consumers were replacing SSBs with the healthiest beverage – water.<sup>28</sup> Water purchases in the first year after the SSB tax increased by about 4%.
- There was no decrease in total employment following the introduction of these two taxes in the manufacturing sector for beverages and nonessential foods. Purchases of substitute foods and beverages like water were occurring and along with normal population growth led to the lack of employment decline<sup>37</sup>.
- Employment in commercial stores selling food and beverages did not decrease after Mexico's SSB tax was implemented<sup>37</sup>.
- Unemployment rates in the country did not increase after the taxes were implemented.<sup>37</sup>
- Even in high income, lower SSB-consuming Berkeley California (USA), the SSB tax had positive impacts on reducing frequency of SSB consumption and increasing water consumption frequency.<sup>38</sup>
- The WHO and other global experts recommend that SSB taxes should be 20% or greater in order to be most impactful.<sup>39-42</sup> Governments in the UK and many other locations are now promoting 20% or higher SSB taxes as an essential strategy for achieving major health benefits.<sup>40,43-45</sup>

It is critical to note that any tax of sugary beverages should include all forms-sodas, energy drinks, fruit juices, waters, sports drinks, powders and concentrates.

Finally, we wish to join our local partners, the South Africa NCD Alliance (SANCDA), in their call to encourage the South African government to consider earmarking of the tax in full or in part to support NCD prevention and control efforts. Earmarking is likely to increase the acceptability of the tax by politicians and the general public by increasing transparency over the taxation process and the use of revenues.

Sincerely,



Katie Dain  
Executive Director, NCD Alliance

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