



A CLOSER LOOK

The Implementation of Taxation  
on Sugar-Sweetened Beverages  
by the Government of Barbados

A CIVIL SOCIETY PERSPECTIVE

Series of HCC NCD Policy Briefs Informing Civil Society Advocacy for Action | JULY 2016



1 in 3 Barbadians is obese.

Sugar-sweetened beverages are a major contributor to the obesity epidemic.

## THE HCC SERIES OF NCD POLICY BRIEFS

This policy brief provides an overview of the approaches used by the Barbados Ministry of Finance in the adoption of sugar-sweetened beverage (SSB) taxation. It is hoped that the target audiences will gain a greater understanding of the policy process leading to more strategic and effective advocacy for taxation on SSBs. This is one of a series of briefs aimed at building the case for non-communicable disease (NCD) policy action across non-health, health-influencing government sectors in the Caribbean. The brief forms part of the Healthy Caribbean Coalition's (HCC) ongoing NCD advocacy agenda.

Against the background of a potentially crippling development crisis driven by an unchecked epidemic of NCDs; there is growing urgency for governments to truly embrace a multisectoral, whole-of-government response to this group of diseases. The health sector alone cannot bear the burden of both treating and preventing NCDs when, to large a extent, many of the practices and policies that influence NCD risks and their social determinants rest outside of health. A 'health', or in this instance an 'NCD in all policies', approach is fundamental to a strong and effective public sector contribution to the multisectoral response. This calls for a paradigm shift wherein non-health ministries are required to think outside of their traditional spheres of operation and to systematically consider the NCD-related implications of their programmes and policies in order to improve overall population health and equity. We encourage ministries that have traditionally operated within silos to work collaboratively to ensure policy coherence. A first step is to build multisectoral awareness around the linkages between NCD risk and those sectors outside of health such as agriculture, finance, environment, trade, and transportation. Simultaneously, effective policies which mitigate NCD risk can be highlighted.

To strengthen our capacity to advocate effectively, civil society has a responsibility to understand and appreciate the various NCD-related policy options and policy processes across non-health sectors of government.



## WHO IS THIS POLICY BRIEF FOR?

### 1. Civil Society

The policy brief is an advocacy tool, first and foremost for Caribbean Civil Society Organisations (CSOs) to inform their advocacy efforts aimed at the development and implementation of policies leading to the taxation of SSBs. With improved policy literacy, CSOs are better equipped to advocate for more effective development and implementation of multisectoral NCD policies and programmes at the national level.

### 2. High-level Policymakers in Non-health Ministries

Policymakers in non-health ministries are the secondary target group for this policy brief. Ministries of Health continue to be challenged in achieving meaningful engagement of non-health sectors of government in the realisation of 'Health in All Policies'. This series of briefs seeks to increase awareness and action among decision-makers outside of the health sector, and demonstrates how policies across these sectors of government can affect health and ultimately reduce the burden of NCDs.

### 3. NCD Commissions

In support of HCC's work with National NCD Commissions (NNCDCs) in the context of strengthening the region's multisectoral response to NCDs, NNCCDCs are identified as a third target group for this policy brief. This brief can be used as a tool for these multisectoral commissions to educate non-health, public sector commissioners around policy options for NCDs prevention and control.



## INTRODUCTION

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The HCC, with funding from the NCD Alliance and Medtronic Philanthropy, has launched a series of NCD Policy Briefs aimed at driving NCD policy coherence through supporting a whole-of-government response NCDs.

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

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

In recent years, various countries have introduced taxes on SSBs and foods as a public health measure to combat obesity.<sup>1</sup> Taxes have traditionally been implemented as a means of revenue generation; however, SSB taxes illustrate the utility of taxation as a tool in health policy and one that has the potential to provide tax revenue for NCD prevention and control. Research on the health-related impacts of taxation of sugar-sweetened beverages is emerging and the evidence points to positive changes in consumption patterns as recently seen in Mexico where a 6% decline in the purchase of taxed beverages was observed.<sup>2</sup>

This brief describes the experiences of a non-health Ministry in Barbados, in the implementation of a specific fiscal policy aimed at reducing consumption of SSBs through their taxation. In the preparation of this brief a variety of stakeholders were consulted, including those from the Ministry of Finance and the Ministry of Health.

**Barbados was 1 of only 10 countries in the world with SSB taxes at the time of implementation.**

Effective August 1, 2015, the Barbados Ministry of Finance led the implementation of a 10% excise tax on SSBs.<sup>1</sup> The tax was announced during the presentation of the Government of Barbados (GoB) 2015 National Budget by the Minister of Finance who indicated that the tax would “be reviewed in two years’ time to determine how effective it has been in shifting the behaviours of both producers, importers and consumers and as to whether it should be extended or intensified”.<sup>3</sup> At that time, Barbados was among only 1 of 10 countries globally to implement such a tax.<sup>1</sup> Barbados and the other nine countries (Chile, Finland, France, French Polynesia, Hungary, Mauritius, Mexico, Samoa, and Tonga) implemented the SSB tax as a public health measure to reduce consumption of high sugar content beverages in an attempt to tackle increasingly obesogenic environments driving skyrocketing obesity rates and related conditions including diabetes, heart disease and cancers.<sup>1</sup> In particular, island nations in the Pacific and the Caribbean have reached high rates of overweight and obesity.<sup>4</sup> Obesity rates in adults has reached as high as 36% across the Caribbean.<sup>5</sup> Barbados in particular has an overall obesity rate of 34% (43% in women, 23% in men).<sup>6</sup> In September 2015, recognising the challenges posed by unhealthy diets leading to an estimated 24.8% of adolescents (13-15 years) being overweight and 9.1% obese, the Commonwealth of Dominica implemented a 10% tax on drinks and foods with high sugar content, becoming the second country in the region to implement SSB taxation.<sup>1</sup>

Many of the drivers of the high prevalence of NCDs are diet-related, and the evidence points to poor dietary habits throughout the life-course, beginning in the womb and continuing through adulthood.<sup>7</sup> There is much evidence in the literature documenting the direct link between the consumption of SSBs and risk

of developing obesity, diabetes, and heart disease, thus presenting a compelling case for a reduction in the consumption of such beverages.<sup>8</sup> SSB taxation is now one of a series of recommended strategies to reduce the intake of these beverages resulting in improvement of health and lowering health care costs whilst simultaneously raising revenues, which governments can use for the funding of health programmes.

The Global Action Plan for the Prevention and Control of Noncommunicable Diseases, the Caribbean Public Health Agency (CARPHA) Plan of Action for Promoting Healthy Weights in the Caribbean: Prevention and the Control of Childhood Obesity, 2014 – 2019, and the Pan American Health Organisation (PAHO) Plan of Action for the Prevention of Obesity in Children and Adolescents propose that fiscal policies should incorporate



**SSBs were defined as "...carbonated soft drinks, juice drinks, sports drinks, fruit juices and others particularly those which fall under tariff headings 20.09 and 22.02 on the import side, and similar products of like standing produced within Barbados that contain added high calorie sweeteners..."**

taxes or subsidies (adapted to each country's national context) that promote incentives to establish healthy environments and improve availability of healthier foods.<sup>9</sup> Further, the PAHO plan contains a specific Indicator 3.1: Number of countries that have passed legislation to tax sugar-sweetened beverages and energy-dense nutrient-poor products. Yet SSB taxation is just one critical component of a comprehensive package of strategies (including interventions to increase physical activity, banning marketing of unhealthy foods and beverages to children, improved standardised nutrient labelling, product reformulation etc.) aimed at addressing the global obesity epidemic, resulting in direct beneficial health impacts. In the recently released report of the WHO Commission on Ending Childhood Obesity, implementation of an 'effective tax on sugar-sweetened beverages' was one of the key recommendations in a suite of 'Comprehensive Programmes That Promote The Intake Of Healthy Foods and Reduce The Intake Of Unhealthy Foods And Sugar-Sweetened Beverages By Children And Adolescents'.<sup>10</sup>

## BACKGROUND

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The implementation of the SSB tax in Barbados was largely a fiscal policy measure, led by the Barbados Ministry of Finance and influenced by national NCD health realities. This highlights to CSO advocates the importance of strategic engagement with non-health ministries, such as the Ministry of Finance, to encourage actions that will lead to 'Health In All Policies'. A greater understanding of the policy process and the extent of interactions between Ministries of Finance and other key stakeholders such as the Ministry of Health, in the evolution of the tax, provides useful insights to inform and guide civil society advocacy actions across the Caribbean. Further, the brief may be used as a guide for the implementation of sugar-based taxes in Caribbean territories and other Small Island Developing States (SIDS) outside of the region.

**“It is now an indisputable reality that Barbados is on the verge of a national crisis with regards to persistent health problems associated with the escalating level of Non-Communicable Diseases (NCDs). In this regard, Cabinet has decided that in order to encourage healthier consumption patterns of our people as it relates to the consumption of sweetened beverages such as carbonated soft drinks, juice drinks, sports drinks, fruit juices and others ... will now attract a 10 percent excise tax levied on the value of the product before VAT is applied.”**

*- Honourable Minister of Finance, Chris Sinckler, Barbados National Budget Speech, July 2015*

The Barbados SSB taxation policy was explored and implemented within the context of severe fiscal challenges including slow growth in revenues, increasing government expenditure, and high levels of debt.<sup>11,12</sup> The macroeconomic environment in Barbados, though remaining resilient for the greater part of the protracted global recession, continued to show low levels of investment and limited productivity gains. Many countries throughout the Caribbean faced similar economic challenges including moderate economic activity coupled with long-standing fiscal and banking sector problems, largely unsustainable public debt, accumulation of arrears, and high non-performing loans.<sup>13</sup> The imposition of the SSB tax was in many respects driven by fiscal conditions, but was given impetus and implemented in an environment in which it was recognised that there was a need to address the consumption of processed, energy-dense, nutrient-poor foods and beverages in the country. Data from the 2011 Barbados Global School Health Survey shows cause for concern as it reported 32% of school-aged children as being overweight or obese, and thus at increased risk for NCDs.<sup>14</sup>

Against this background, the policy approach adopted by the Ministry of Finance with regards to taxation considered the following thematic areas: 1) evidence-based research which clearly articulates the link between the problem and proposed policy prescription; 2) the definition of the parameters pertaining to items to be taxed (it is essential these definitions are implementable in practice and that the tax rate is meaningful and will result in the desired outcome); 3) the effect of the policy on the poor; and 4) the need to be informed by consultation with related sectoral stakeholders.

The determination of the tax structure applied was made after careful analysis and examination of: the practicality of best practices and policy approaches purported by PAHO/WHO; key findings from research papers; and experiences of countries worldwide. It was appreciated that the most fundamental challenge for small island states is the crafting of a coherent policy framework which aims to achieve increased economic efficiency across the various macro-economic fundamentals whilst increasing productivity and sustainable growth and supporting NCD prevention and control.

## THE TAX POLICY

The following considerations and steps were taken in the implementation of the Barbados SSB Tax policy:

- Type of tax
- Tax rate
- Taxable products
- Level of application of the tax
- Recovery of the tax
- Mechanisms for earmarking tax revenue
- Need to protect vulnerable populations including the poor
- Stakeholder consultation
- Tax environment
- Monitoring and evaluation of the tax

### The Type of Tax

Barbados chose to implement a special excise tax on sugar-sweetened beverages. The excise tax is levied at the rate of 10% of the value of the item before VAT, resulting in an after-VAT increase of 11.75% on the price of such beverages.<sup>12</sup>

### The Tax Rate

Global experiences indicate that the level of taxation influences the efficacy of the tax. In the USA, 33 states imposed sales taxes on soft drinks at a mean tax rate of 5.2%; however, the taxes were too low to affect consumption.<sup>8</sup> When determining the appropriate rate to be applied to the product tax base, regional governments should be informed by the growing body of evidence, which identifies thresholds of efficacy for the taxation of SSBs.

The GoB determined that, in the first instance, a 10% excise tax would be adequate to curb consumption patterns of SSBs. The GoB also indicated that the level of the tax would be revisited 2 years post-implementation, at which time further action would be taken largely informed by an evaluation of the efficacy of the tax on changing consumer consumption patterns and generating revenue.<sup>1</sup> A higher tax rate, combined

with gradual increases, and a broader tax base will result in a larger impact on consumption and thus have a greater potential to influence health.

### The Taxable Products

It was determined by the GoB that all products produced and imported under tariff headings 20.09 and 22.02 would be subjected to the excise tax given that there are no specified thresholds for taxing by sugar or caloric content (that is also to say, there is no designated list of products).<sup>12</sup> This approach has facilitated ease of implementation as alternative methods requiring measurement of caloric values would have required additional policing and procedures which would draw heavily on the already scarce human resources of the implementing agency (Barbados Revenue Authority (BRA)) and result in further monitoring challenges.

While there were a number of approaches considered in defining the appropriate taxable products, the GoB sought to apply a simple definition to classify the appropriate products to be taxed. SSBs were defined as: "...carbonated soft drinks, juice drinks, sports drinks, fruit juices and others particularly those which fall under tariff headings 20.09 and 22.02 on the import side, and similar products of like standing produced within Barbados that contain added high calorie sweeteners..."<sup>12</sup>

The advantage of defining the tax base as such is that it allowed for specificity while at the same time facilitated



flexibility in interpretation. Firstly, the tax is applied to any product which contains added sweeteners (i.e. any beverages with an element of added sugars or sweeteners). Secondly, the specific identification of product types within the definition will help consumers, retailers and policy enforcers to identify which product types should be taxed. In addition, the specific identification of product types allows for flexibility in defining the base for imposition of the tax as any other products directly competing or like/substitute products of a similar nature will be interpreted as being captured under the same tax threshold.

An alternative approach such as defining 'high sugar content products' was also considered. However this was not adopted as it was recognized that such an effort within Small Island States such as Barbados, with limited human resource capacity to effectively monitor and ensure the regulatory and compliance procedures taken together with non-automated revenue collection systems, would likely prove futile



The Barbados Childhood Obesity Prevention Programme (B-CHOPP), developed in 2015 for implementation throughout 2018, recommends the implementation of SSB taxation amidst a package of interventions.

given these capacity gaps. Consideration was also given to a threshold type of approach in which the tax is aligned to the level or degree of sugar content on a per unit basis (sugar as an ingredient). However, this is a complex process with a significant administrative burden which is rather suited to developed countries with the appropriate technological infrastructure and testing facilities, human resource capacity, and automated revenue collecting systems that easily ensure compliance and revenue collection in a timely manner.<sup>15</sup> In the event that a threshold type of approach is preferred, it is suggested that the thresholds be guided by national food and dietary guidelines (and where these do not exist, refer to regional / global guidelines).

Ultimately, the Ministry of Finance took the decision to apply the tax solely to beverages with added sugars due to the simplicity of administration within the local context. It was anticipated that this approach would promote consumption of healthier beverages with fewer sugars or no sugars at all such as water and coconut water. The introduction of a tax on drinks with added sugar was a first step (and part of a wider campaign) to catalyze long-term behaviour modification in food consumption critical to preventing NCDs.

In other territories such as Dominica and Mexico, the tax also applies (at varying levels) to sugar-sweetened foods. The HCC recommends expansion of the tax to sugar-sweetened foods (unhealthy/junk foods) as well as beverages.

### **Level of Application of the Tax**

The tax has been applied on both locally produced and imported goods as described in the following two scenarios:

1. For locally produced goods, the tax is applied to the producer or manufacturer
2. For imported goods, the tax is applied to the wholesaler.

Any increases in price on the retail end may be a result of the tax being passed on by the producer or the wholesaler.

### **Recovery of the Tax**

The tax is recovered through the VAT (value added tax) and Excise Tax Administration System. Businesses which are already VAT registered and which produce or import the products captured under tariff headings 20.09 and 22.02 are required to pay the applicable 10% excise tax. These businesses are therefore already earmarked for excise tax revenue within the system. The payment of the required excise tax as is the case with VAT payments is by nature a 'voluntary' process on the part of the business; however, this process is subject to audit by the BRA to ensure full compliance of the required commitments.

### **Mechanisms for Earmarking Tax Revenue**

The statement from the Minister of Finance indicated that expected revenue from the tax would assist with financing health care in the country.<sup>12</sup> However, there was no indication from the Ministry that these funds would be specifically set aside for the prevention and control of NCDs. This represents a lost opportunity to enhance financing of NCD prevention and control. The practice in most Caribbean countries of placement of all tax revenues in a central consolidated fund, fails to provide an opportunity to show the direct benefit of the applied tax. Specific allocation of revenue derived from taxes on SSBs to finance improved health would be in keeping with recommendations of both international and regional bodies which advise that revenue raised from the taxing of unhealthy lifestyle practices should be directly and specifically earmarked for NCD programmes.<sup>1</sup> For example, revenue from the recently implemented sugar tax in the UK - an estimated £520m a year - will be spent on increasing funding for sport in primary schools.<sup>16</sup> Advocates of SSB taxation

should continue to propose the enactment of a policy approach and the development of mechanisms to allow for the specific earmarking of tax revenues from tobacco, alcohol, SSBs (or any other unhealthy lifestyle practice) to NCD related programmes.

### **The Need to Protect Vulnerable Populations, Including the Poor**

The consequences of food cost and its impact on health are likely to be amplified among the poor. Persons in the lowest income groups spend a greater proportion of their income on food, and therefore are more vulnerable to financial and other stresses than those in middle or higher income groups.<sup>17</sup> A recent systematic review on food cost, diet quality, and NCDs illustrated that diet quality varies with socioeconomic status (SES) and that SES was a significant contributor to health inequalities.<sup>18</sup> The study authors reaffirm that in some settings, a healthy diet is largely unaffordable to those most at risk of obesity and associated NCDs, such as diabetes, cardiovascular diseases and cancers of the gastrointestinal tract; furthermore, the increasing the cost of foods, both 'healthy' and 'unhealthy', reduces consumption.<sup>18</sup>

One objection to a tax on sugar-sweetened beverages is that it would be regressive, degenerating the nutritional consumption of the poor.<sup>8,19</sup> This argument arose with particular respect to taxes applied to the tobacco industry, but was successfully challenged by tax proponents who pointed out that the poor face a disproportionate burden of smoking-related illnesses; nearly all smokers begin to smoke when they are teenagers and both groups are sensitive to price changes.<sup>19</sup> Brownell et al<sup>8</sup> further posit that some of the tobacco revenue has been used for programs developed specifically for the poor and for youth. The poor are most affected by illnesses that are related to unhealthy diets, and brand loyalties for beverages tend to be set during the teenage years.<sup>8</sup> Thus, designating revenues for programs promoting childhood nutrition and obesity prevention would preferentially help those most in need. More recent work on the impact of SSB taxes on low-income households, found that as a group, they are likely to reap greater health benefits from SSB taxation. Due to increased price sensitivity, low-income individuals are more likely to cut back on the intake of taxed SSBs (often from a higher consumption level and with a higher BMI) and thus experience greater health gains.<sup>20</sup>

The success of the tax measure will rest heavily on the simultaneous availability of cheaper, healthier beverage alternatives. The cost of food and affordability of a nutritious diet are key factors to consider when supporting individuals and communities to achieve better health outcomes. Population-based nutrition strategies should be designed to reach those most at risk for poor diets. Fiscal and trade policies which not only increase the costs of unhealthy foods, but also simultaneously increase the affordability of healthy foods, are recommended. In the context of Barbados, health beverage options such as tap water and coconut water are readily available at little or no cost. Hence, if consumers are incentivised by lower costs, it is anticipated that the SSB tax will shift consumption from SSBs to healthier options such as coconut water or unsweetened juices. Preliminary findings from the Mexico experience indicate a trend towards increased water consumption.<sup>9</sup> Ultimately, it is expected that the tax will benefit all sectors of the population, including the poor, both by improving health and by lowering expenditures on unhealthy beverages.

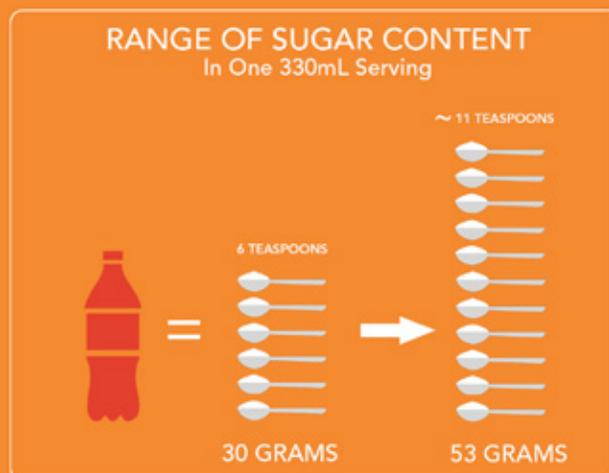
### **Stakeholder Consultation**

In the determination to impose a tax on SSBs, the Ministry of Finance engaged in limited stakeholder consultation (as far as is known) prior to the announcement of the tax. Internationally accepted recommendation for any public health initiative, such as enactment of legislation of SSB taxation, calls for the widest possible consultation of stakeholders including CSOs, relevant ministries and other stakeholders, in order to raise public awareness and buy-in.<sup>21</sup>

## SUGAR LEVELS IN CARBONATED SUGAR-SWEETENED BEVERAGES IN BARBADOS

A survey done by the HCC shows that the amount of free sugars added to carbonated sugar-sweetened drinks in Barbados varies on average from 30g to 53 g per 330 mL (regular serving size).

This exceeds the entire daily recommended maximum intake of sugar.



For adults, the WHO recommends **reducing the daily intake** of free sugars to less than 10% of total energy intake (strong recommendation) or 50g. The WHO recommends a **further reduction** of the **daily intake of free sugars** from 10% of total energy intake (50g) to below 5% of total energy intake or **less than 25g**.

Stakeholder consultations prior to the implementation of this policy would have been instrumental in sensitising the public about the policy and allay fears and address concerns, objections and misinformation raised by opponents of the tax including the beverage industry.

Generally, policymakers seeking to engage stakeholders should always consider utilizing a fully integrated multisectoral approach. One key stakeholders that is useful in the decision-making process is the agriculture sector, which is the primary producer of fruits for fruit juices which mostly contain added sugars. The manufacturing sector is also important, as there will be some implication for employment and the opportunity for the development of new and innovative healthier alternatives. Ministries of Agriculture, Trade and Social Care, among others, are also integral to this exercise. Finally, ministries with responsibilities for finance have and will always be a major stakeholder in the prevention and control of NCDs. The effective prevention and control of NCDs requires the requisite regulatory, investment, and financing framework to support the smooth implementation of such endeavours. Civil society organisations (CSOs) are also critical and complementary to all government agencies and sectors in combating the NCD epidemic, and should be engaged at all stages of the process.



### The Tax Environment

The SSB tax in Barbados was essentially implemented as a vertical initiative notably devoid of linkages to a wider, national, multi-layered programme aimed at tackling obesity. This was likely due in part to the fact that the policy was driven almost exclusively by the Ministry of Finance. Inter-ministerial dialogue and collaboration lays the foundation for policy and programming coherence across ministries and in the absence these types of partnerships, comprehensive whole-of-government responses are unlikely.

Tackling overweight and obesity, and the NCDs which arise from poor nutrition, will require comprehensive, multi-faceted interventions which are mutually reinforcing rather than stand-alone, short-term solutions. Taxation alone will not drive the necessary, sustained behaviour change, and rather should be but one component of a larger, national wellness initiative. These initiatives should be buttressed by national evidence-informed communication campaigns highlighting the negative health effects of excessive sugar consumption, including their contribution to high levels of overweight, obesity and linkages to NCDs. Communication should highlight the positive policy and programming steps being taken by governments to protect the health of its citizens.

The HCC strongly recommends the implementation of a package of interventions as described in the final report of the Commission on Ending Childhood Obesity.<sup>10</sup> The Barbados Childhood Obesity Prevention Programme (B-CHOPP), developed in 2015 for implementation throughout 2018, recommends the implementation of SSB taxation amidst a package of interventions – however the plan is yet to be operationalized. Once implemented, B-CHOPP will provide the overarching, wide-ranging, national framework of policy and programming interventions which complement the SSB tax and ultimately increase its longer-term efficacy.

### Monitoring & Evaluation of the Tax

The Minister of Finance, in announcing the tax, indicated that evaluation would be undertaken and the matter reviewed in 2 years; however, there was no mention of mechanisms to monitor implementation of the tax within the first 2-year period through existing structures in the Ministry of Finance.<sup>12</sup> Shortly after the announcement, the University of the West Indies (UWI), Cave Hill Campus and the HCC, brought together stakeholders to undertake an evaluation of the tax, the preliminary findings of which will be available in 2016.

## THE BEVERAGE INDUSTRY

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The private sector in general and the beverage industry in particular, are vital partners in reducing the sugar content of SSBs stocked on our supermarket shelves, sold in local fast food restaurants, and provided to our children in schools. Whether through voluntary or regulatory action, increasingly the industry will be required to reformulate their products to comply with national, regional and global standards and to meet the demands of health-conscious consumers. Manufacturers of SSBs have been slow to make significant reductions in sugar content which align with national and global targets thus giving credence to the widely held view that meaningful reductions in sugar content of SSBs requires appropriate legislation by governments so as to make the unhealthy choice the difficult and expensive choice through imposition of tax on SSBs.

**Globally, the beverage industry, many of which sell their products in the Caribbean, has resisted efforts to implement sugar taxes, investing large sums of money into anti-taxation campaigns using tactics eerily similar to those employed by the tobacco industry. In Barbados there was strong resistance to the SSB tax from the local and international beverage sector.**

The influence of the global beverage industry is far-reaching, with increasingly strong interests in low and middle-income markets<sup>22</sup> including those in the Caribbean. However these transnational giants form part of wider local beverage landscape. In the Caribbean, there are many regional and national manufacturers which comprise a major share of the soft drink market and will be significantly affected by policies such as



SSB taxation. One of the major local soft drink manufacturers in Barbados, although not optimistic about the long term impact of the tax on behaviours, indicated that the company saw the tax as an opportunity to over time incrementally reduce the levels of added sugar in their products - citing this a cost-savings exercise given the high cost of sugar in the local beverage business.<sup>23</sup> If the local industry were to reduce sugars added to SSBs the HCC would recognise this as a positive outcome in which a structural intervention in the form a national public health policy, has the potential to significantly influence and shape practices in the private sector. Governments may also consider developing and implementing national sugar reduction programmes similar to what was led by the Food Standards Agency in the UK around industry reduction of the salt content of foods in over 80 categories.<sup>24</sup> Incremental salt reduction targets were set for various food categories and the industry was provided with clear timeframes to reformulate their products to meet the national targets. A 2016 Lancet modeling study predicted a reduction in the prevalence of overweight, obesity and type 2 diabetes under a scenario of an incremental and stepwise reduction in free sugars added to sugar-sweetened beverages by 40% over 5 years without the use of artificial sweeteners.<sup>24</sup> The PAHO Salt smart Consortium has initiated significant work in the establishment of salt reduction targets for Latin American and the Caribbean<sup>25</sup>; this approach could be used as a model for sugar reduction with the objective of un-sweetening diets and changing taste preference.

Civil society working with the public sector through platforms such as National NCD Commissions can advocate for and support imposition of tax on SSBs and educate and sensitise beverage manufacturers of the adverse public health impacts of high sugar diets and the potentially significant health and economic



gains to be made by companies which lead the way in reducing sugar content of their locally produced beverages. Civil society also has a critical role to play in building public awareness about the value and impact of these taxes so as to create advocates in the community who will stand in solidarity against industry campaigns that seek to sway public opinion in their favour. Finally, civil society needs to monitor closely and expose industry any actions which the beverage industry might take to frustrate and derail government efforts to implement SSB taxes or similar regulation.

## NEXT STEPS: ADVOCACY FOR EXPANDED SUGAR TAXATION IN THE CARIBBEAN

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NCDs present a real present and future threat to sustainable development in the Caribbean with the epidemic of obesity being a major contributor to that group of diseases. High intake of SSBs is a known contributor to the obesity epidemic. Every effort should therefore be made to reduce the intake of these beverages, including the creation of an enabling environment which ensures that low sugar intake is the more affordable option. Effecting country-level changes in sugar consumption calls for a concerted national effort involving government, the private sector, and civil society, in which the government leads in establishing an enabling environment through appropriate and non-discriminatory structural policies and programmes.

**“We have started in the region; Barbados and Dominica have done it. We would like every country in Caricom (Caribbean Community) to impose a tax on sugar-sweetened beverages.”<sup>26</sup>**

*Dr. Alafia Samuels, Director, Chronic Disease Research Centre, University of the West Indies and Principle Investigator, IDRC funded Port of Spain Evaluation Project. 2016*

Taxation to promote healthy behaviours has been shown to be effective. The WHO report, Using price policies to promote healthier diets<sup>27</sup>, reported that ‘the evidence suggests that price policies applied to food can influence what consumers buy and could contribute to improving health by shifting consumption in the desired direction and supporting healthier diets’. Taxes can be used to inflate the costs of unhealthy foods and beverages relative to healthy foods and thereby incentivize healthier food consumption behaviour. Unhealthy processed foods are generally much cheaper than healthy foods such as fruits and vegetables because the main ingredients in ultra-processed foods and beverages are heavily subsidized commodities such as corn, soybeans, wheat, rice, sorghum, and dairy.<sup>28</sup> These are then refined and converted into unhealthy products such as sweeteners (like high fructose corn syrup), processed fatty foods, high calorie juices and soft drinks.

Preliminary evidence from the existing SSB tax in Mexico indicates its efficacy in reducing the purchase of dutiable sugar-sweetened beverages and increasing the purchase of non-taxed beverages.<sup>9</sup> The imposition of an excise tax on SSBs is increasingly regarded as a critical element of a multi-faceted response to the obesity epidemic. Successful implementation requires a high-level of planning and integration of the various sectoral components and ministerial agencies.<sup>29</sup>

Longitudinal research on the short and long-term health impact of taxation on SSBs and foods will be important to better understand the value of taxation as a public health policy and to define the parameters of such taxes which result in the greatest health and economic benefits. Implementation of tax on SSBs by other countries in the region will benefit from such research in Barbados and Dominica. To this end, the

Chronic Disease Research Centre and the Public Health Group at Cave Hill Campus, UWI, has established a multistakeholder group which includes the HCC, to undertake a detailed evaluation of the economic and health impact of the Barbados SSB tax, including a comprehensive exploration of circumstances and factors that led to the enactment of the legislation.

Civil society has a vital advocacy role to play in lobbying governments to implement policies which promote enabling environments for NCD prevention and control. The passage of the tax on SSBs in Mexico was achieved through strategic and targeted civil society-led advocacy, primarily focused on elevating the visibility of the issue and communicating a sense of urgency among policymakers and the public.<sup>30</sup> This snapshot of the experiences of the Barbados Ministry of Finance in the implementation of an SSB tax is meant to inform civil society organisations throughout the Caribbean of the policy processes involved in moving from policy recommendation to policy implementation. Armed with this information, civil society, in partnership with other key stakeholders, can approach ministries of finance within their countries and initiate a dialogue around SSB taxation while providing a blueprint for action based on the Barbados experience.

Taxes on unhealthy foods and beverages alone will not solve the challenges of obesity and NCDs. Taxes should form part of a comprehensive package of interventions throughout the life-course such as those recommended in the Final Report of the WHO Commission on Ending Childhood Obesity; and those described in the recently released CARPHA Evidence Brief on Improving the Healthiness of Food Environments in the Caribbean.

The promotion of healthy diets through the reduction in the consumption of foods and beverages high in fat, salt and sugar is a major priority for the HCC and we applaud governments such as Barbados and the Commonwealth of Dominica which have demonstrated bold leadership. However, taxes on unhealthy foods and beverages alone will not solve the challenges of obesity and NCDs. Taxes should form part of a comprehensive package of interventions throughout the life-course such as those recommended in the Final Report of the WHO Commission on Ending Childhood Obesity.<sup>10</sup> As we advocate for widespread implementation of similar fiscal policies and comprehensive obesity prevention programmes throughout the Caribbean, the HCC will continue to work in partnership with national CSOs to build public awareness, ultimately leading to a groundswell of support for universal strategies for obesity prevention. We will support civil society-led, grass-roots advocacy for obesogenic-mitigating policy and regulatory frameworks and programmes aimed at senior policymakers.

In partnership with regional institutions such as PAHO, CARPHA, UWI and Caribbean civil society, the HCC commits to focus on high-level advocacy aimed at heads of government and regional bodies such as CARICOM, in an effort to embolden Caribbean leadership with the tools to implement policies and programmes which protect Caribbean people from a potentially irreversible crisis of NCDs increasingly being disproportionately driven by unhealthy diets.

## KEY CSO ADVOCACY MESSAGES

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- SSB taxation should be implemented as one component in a comprehensive package of policy and programming interventions.
- Wide stakeholder consultations, including local CSOs, should form part of the tax implementation strategy.
- Policies should be adopted and mechanisms developed to earmark tax revenue for NCD prevention and control
- Effectiveness of SSB taxes should be monitored and evaluated, and adjustments made to tax levels accordingly.
- Consideration should be given to the extension of the taxes beyond SSBs to unhealthy foods, such as those high in sugar, fat and salt.
- National NCD Commissions or equivalents provide platforms for sensitisation of stakeholders in the beverage industry of the adverse public health impacts of high sugar diets and the potentially significant health and economic gains to be made by companies which lead the way in reducing sugar content of their locally produced beverages.
- More research is needed to:
  - Explore the sociocultural and economic factors that drive behaviours which lead to overweight and obesity throughout the life-course
  - Guide decision making around the parameters of the tax (type of tax, level of tax, products taxed etc)
  - Assess the health and economic impact of SSB taxation in Dominica

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