







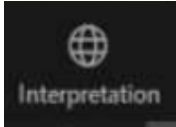
## Health Taxes Seminar Series



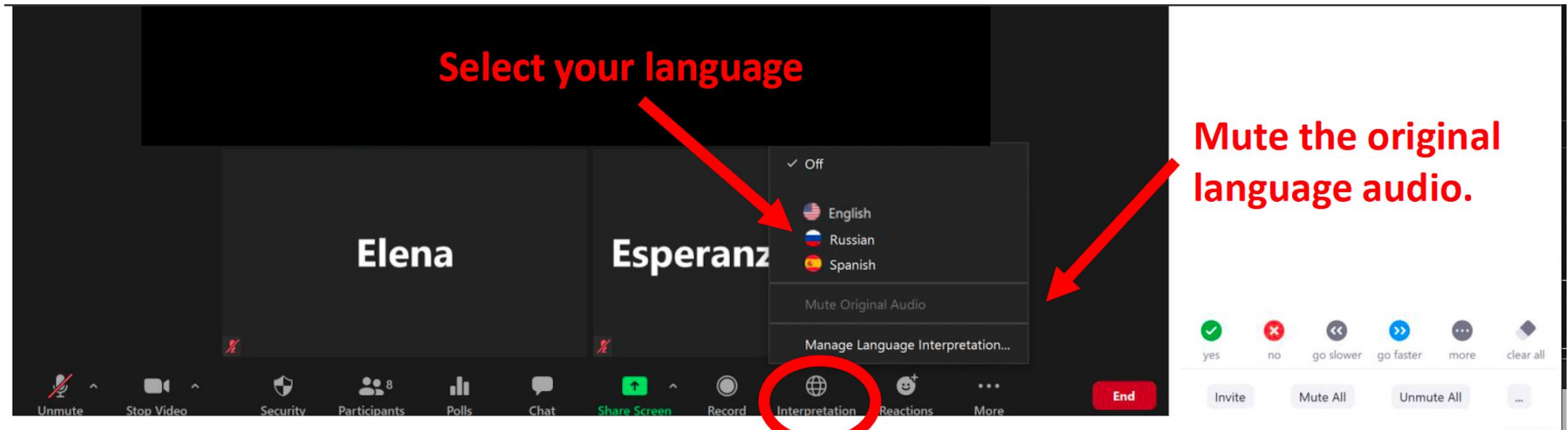
**Let's not sugarcoat this: overcoming opposition to a tax on sugary drinks**

**Thursday, 9th December, 2021 | 7.00 am - 8.30 am EST**

# Meeting Guidance

1. Please mute your mic when others are speaking by clicking this icon on your screen  . You are muted when you see the following icon 
2. If you have technical difficulties, please contact Aditi Nigam or Vrishali Shekhar using the **Chat feature**. This can be found by clicking this icon 
3. Please use the chat feature by clicking this icon  and to send a question that can be seen by 'Everyone'.
4. To listen to the event in English or Russian, click on the Interpretation icon  on your toolbar and choose your preferred language
5. Selecting “Mute Original Audio” mutes the other audio channel so you only hear the selected language.
6. Please use headphones for optimal audio and speaking experience.
7. For participants calling in: Press **1** to go to menu. Press **8** to enable language interpretation to listen to interpretation audio channels and view interpreted text.

# Meeting Guidance – Language Interpretation



If you are not interested in Russian interpretation, please click on the English channel for English audio.

## Session moderator



**Dr. Kate Mandeville**

Senior Health Specialist, World Bank

# Agenda

Agenda Item	Speaker	Time (in mins)
Opening remarks	Michele Gragnolati	5
Industry opposition to Mexico's sugary drinks tax	Laura A Schmidt	15
Country reflections - Mexico	Adolfo Martinez Valle	10
Do taxes on sugary drinks harm business?	Lynn Silver	10
Overcoming opposition to a sugary drinks tax in South Africa	Mpho Legote	10
Country reflections - Kazakhstan	Jamilya Sedykova	10
Questions and Discussions	Moderated by Kate Mandeville	25
Thank you address	Kate Mandeville	

## Opening remarks



**Dr. Michele Gragnolati**

Practice Manager for Health, Nutrition and Population  
in the Latin America and the Caribbean Region, World Bank

# Let's not sugarcoat this: overcoming opposition to a tax on sugary drinks

**Michele Gragnolati**  
Opening Remarks

**December 9, 2022**



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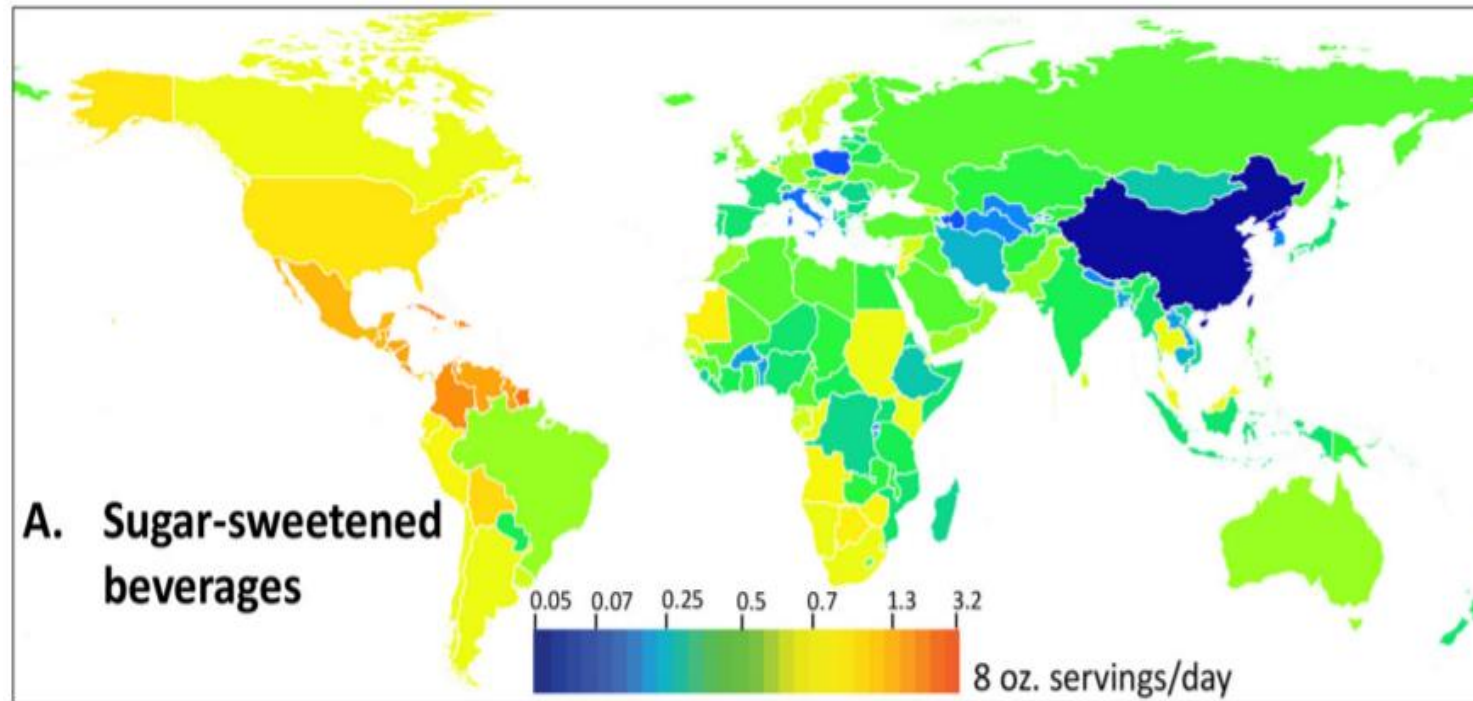
Latin America & the Caribbean

*Opportunities for All*

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# 1. Intake of Sugar Sweetened Beverages (SSBs) is a huge and increasing problem in LAC

The Latin America and Caribbean (LAC) region has the **highest levels of consumption of SSBs among adults globally** – as high as 2.5 beverages per adult per day in Trinidad and Tobago.



Consumption of SSBs in the region has increased over time, paralleled by an increase in BMI



## 2. Taxes on SSBs have positive impact on population health and expenditures on healthcare



Taxes on SSBs help reduce consumption and prevent obesity



Taxes on SSBs result into savings on healthcare



Revenues raised from taxes on SSBs can be used to promote the health of the population



Taxes on SSBs are progressive: low-income consumers and young people get the greatest health benefits from taxes

# 3. Industry opposition to taxes on SSBs is wide-ranging and multi-faceted

The interference of the food and beverage industry includes **political, economic, social, scientific and legal domains.**

Interference is largely based on statements that the taxes violate national, regional, and international law by infringing on commercial rights, and significantly reduce their return on investments, with threats to withhold further investment in the region.

Industries further combine their claims with **negative media coverage, lobbying and threats of legal action.**



## 4. What can be done?



Focus on the **availability of national-level data on SSB consumption and obesity** to demonstrate the severity of the problem and its health and economic implications.

Use these data to **inform decision making, expose industry tactics and debunk industry myths.**



Taxes on SSBs should form part of a **comprehensive and diversified solution** that includes other policy and public health measures, for example, **advertising restrictions, front-of-pack nutrition labeling, and messaging to promote improved diets and behaviors**, among others.



Observe procedural **requirements and due process in the design and implementation of SSB taxes**, all the while recognizing that governments are protected by several domestic and international trade laws that recognize the **sovereign right of states to regulate in the interest of public health.**

# Sources

- Singh, G., Micha, R., Khatibzadeh, S., Shi, P., Lim, S., Andrews, K., Engell, R., Ezzati, M., Mozaffarian, D., Global Burden of Diseases Nutrition and Chronic Diseases Expert Group (NutriCoDE). (2015) [Global, Regional, and National consumption of SSBs, Fruit Juices, and Milk: A systematic assessment of beverage intake in 187 countries.](#)
- Luger, M., Lafontan, M., Bes-Rastrollo, M., Winzer, E., Yumuk, V., Farpour-Lambert, N. (2017) [Sugar sweetened beverages and weight gain in children and adults: a systematic review from 2013 to 2015 and a comparison with previous studies.](#) Obesity Facts. doi: 10.1159/000484566
- Malik, V., Pan, A., Willett, W., Hu, F. (2013) [Sugar sweetened beverages and weight gain in children and adults: a systematic review and meta-analysis.](#) Am J Clin Nutr 98:1084-102.
- Popkin, B., Ng, S.W. (2021). [Sugar-sweetened beverage taxes: Lessons to date and the future of taxation.](#) PLoS Med 18(1):e1003412.
- World Bank. (2020) [Sugar sweetened beverages and pre-packaged foods: the impact of taxation price, consumption, and revenues and its contribution to achieving the Sustainable Development Goals in Central America, Panama, and the Dominican Republic.](#) World Bank: Washington D.C.
- World Health Organization. [Taxes on Sugary Drinks: Why Do It?](#) WHO: Geneva, Switzerland.
- Colchero, M.A., Popkin, B.M., Ng, S.W. (2017) In Mexico, evidence of sustained consumer response two years after implementing a sugar-sweetened beverage tax. Health Aff 36(3):565-571.
- Hattersley, L., Fuchs, A., Gonima, A., Silver, L., Mandeville, K. (2020) [Business, Employment, and Productivity Impacts of SSB Taxes.](#) World Bank Knowledge Brief, World Bank: Washington DC.
- George, A. (2019) Not so sweet refrain: sugar-sweetened beverage opposition and harnessing the lessons learned from tobacco to control legal challenges. Health Economics, Policy, and Law: Vol 14(4): 509-535.

# Thank you



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# Polling the experts

**What do you think would be the opposition arguments against stronger health taxes in your context? Please check all those applicable:**

- *These taxes hurt jobs, businesses, and the economy*
- *They hit the poorest hardest*
- *They will encourage illicit trade*
- *People will just buy them from other countries*
- *They interfere with freedom of choice*
- *They're not effective anyway*

# Industry arguments against Mexico's SSB tax



**Dr. Laura Schmidt**

Professor of Health Policy  
School of Medicine, University of California San Francisco



University of California  
San Francisco

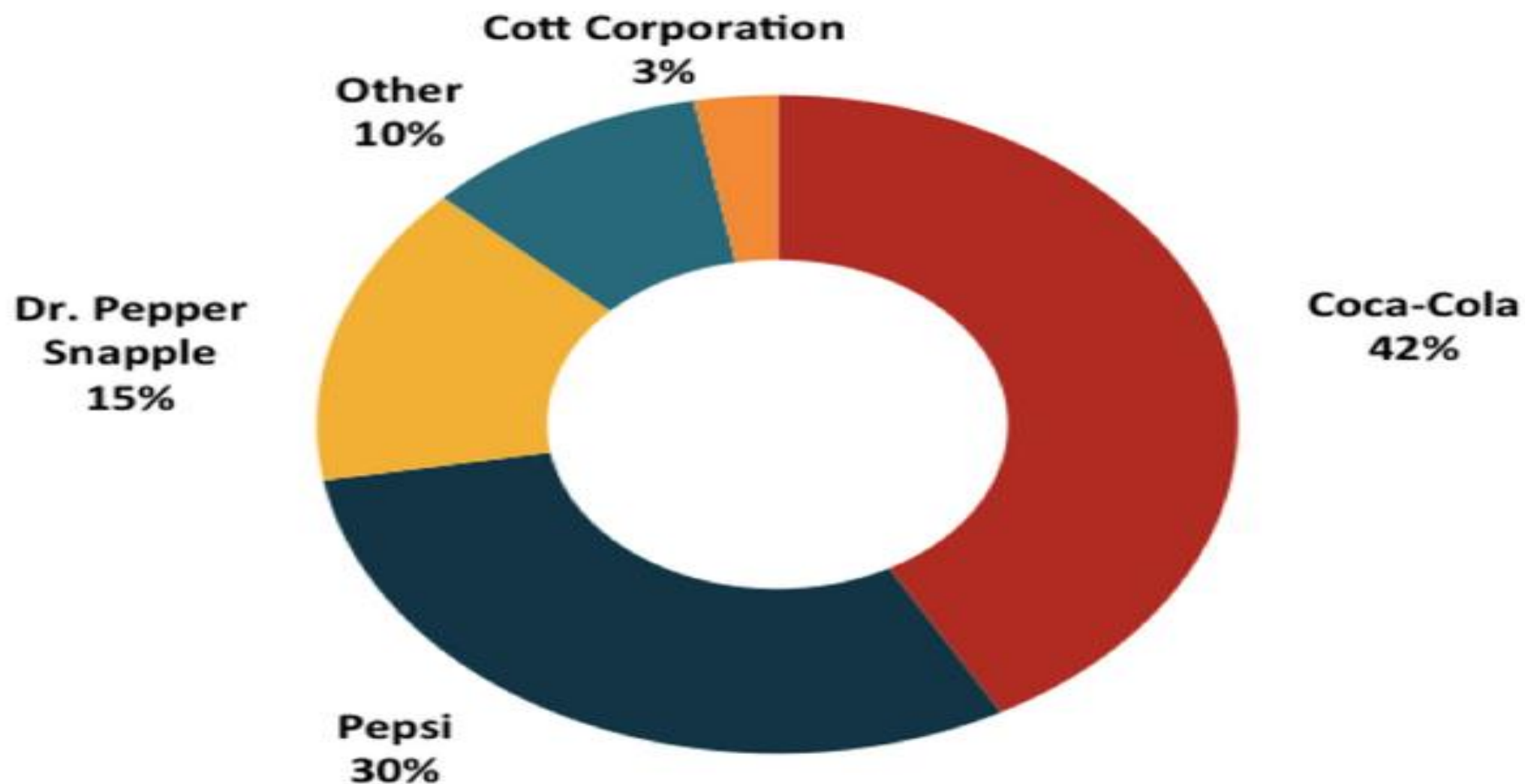
# Anticipating Industry Opposition to Soda Taxes

Laura Schmidt, PhD  
Professor, UCSF School of  
Medicine





# Soft Drink Market Share

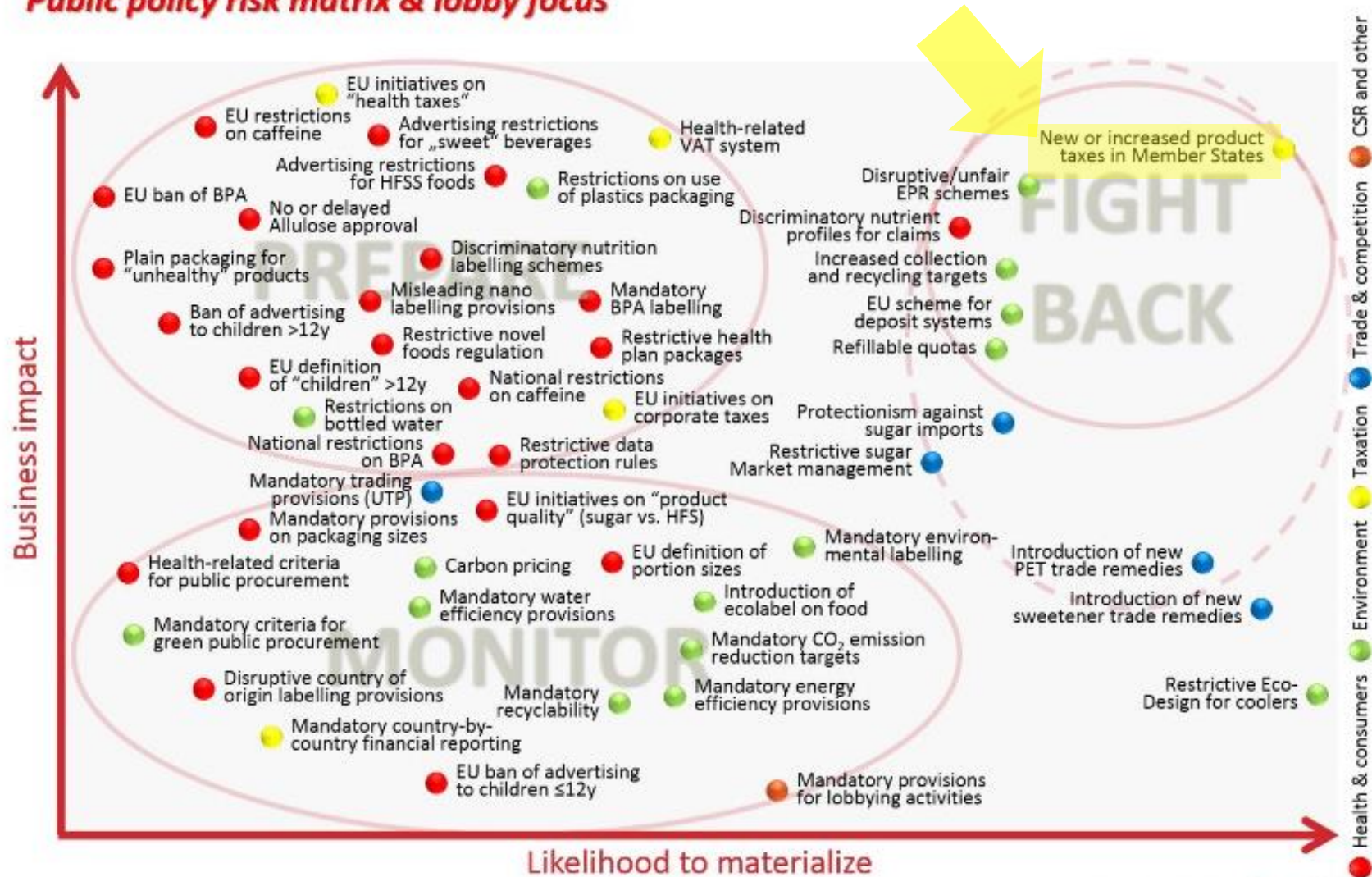


# The industry's perspective on taxation

- Taxes are uniquely threatening among policies

# Coca-Cola's European Game Plan

## Public policy risk matrix & lobby focus



Source: [DCLeaks](#)

Classified - Internal use

*Coca-Cola* Europe

UCSF

# The industry's perspective on taxation

- Taxes are uniquely threatening among policies
- Regional and global diffusion of taxation is the concern
- Companies cooperate when it comes to fighting taxes
- Delaying new taxes and containing diffusion are viewed as “wins”

# Industry stakeholders

Global and regional trade associations

Global and regional front groups

Regional and local bottlers

Local distributors and retailers

Local supply chains

“Astroturf” organizations

# Global and regional trade associations



Arab Beverages Association



# Industry Front Groups

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## Our Mission

*Bringing scientists together to improve  
environmental sustainability and human health*

The International Life Sciences Institute (ILSI) Research Foundation is a non-profit organization that advances and disseminates science for public benefit.

# Local "astroturf" groups



Yes! To Affordable Groceries

NAME	CITY	STATE	CASH/IN-KIND	AMOUNT
THE COCA-COLA COMPANY	ATLANTA	GA	Cash	\$10,714,886.02
PEPSICO, INC.	PURCHASE	NY	Cash	\$8,078,798.08
KEURIG DR PEPPER (FKA DR PEPPER SNAPPLE GROUP, INC.)	PLANO	TX	Cash	\$2,441,243.30
DR PEPPER SNAPPLE GROUP, INC.	PLANO	TX	Cash	\$911,021.38
RED BULL NORTH AMERICA	SANTA MONICA	CA	Cash	\$263,286.10
WASHINGTON FOOD INDUSTRY ASSOCIATION	OLYMPIA	WA	Cash	\$20,000.00
AMERICAN BEVERAGE ASSOCIATION (COKE-3,022.92;PEPSI-2,279.22;KERUIG DR PEPPER-945	WASHINGTON	DC	In kind	\$6,322.16
COLUMBIA DISTRIBUTING	PORTLAND	OR	In kind	\$3,750.00
AMERICAN BEVERAGE ASSOCIATION (COKE-1,033.83;PEPSI-779.48;KEURIG DR PEPPER-323.4	WASHINGTON	DC	In kind	\$2,162.50
SWIRE COCA-COLA	WALLA WALLA	WA	In kind	\$300.00
WASHINGTON HOSPITALITY ASSOCIATION	OLYMPIA	WA	In kind	\$266.31
WASHINGTON STATE REPUBLICAN PARTY NON-EXEMPT	BELLEVUE	WA	In kind	\$197.66



# Strategies to keep taxes off the agenda

## Cultivating image as good corporate citizens

- Corporate social responsibility campaigns
- “Healthwashing” and “greenwashing” products
- PR and media campaigns

## Getting a seat at the table

- Public-private partnerships
- Political lobbying and donations
- The “revolving door” between business and government

## Proposing alternatives

- Commitments to reformulate products
- Proposing weak standards (e.g., sugar reduction pledges)
- Industry self-regulation pacts

# Strategies once taxation is on the agenda

- Divide-and-conquer approach towards pro-tax coalition
- Well-funded media campaigns, may include deceptive claims
- Deployment of industry-funded scientists
- Threats:
  - Litigation (e.g., illegal restraints on trade)
  - Exiting the country's market
- Trolling and harassment of pro-tax allies

 CLEAR CHANNEL



“ THE RICHMOND BEVERAGE TAX  
**IS UNFAIR** — IT HITS POOR AND  
WORKING PEOPLE THE HARDEST ”

JAMES WASHINGTON, RICHMOND RESIDENT

**ON NOVEMBER 6<sup>TH</sup>**

**VOTE NO ON THE  
RICHMOND BEVERAGE TAX**

[www.norichmondbeveragetax.com](http://www.norichmondbeveragetax.com)

PAID FOR BY THE COMMUNITY COALITION AGAINST BEVERAGE TAXES, WITH MAJOR FUNDING BY THE AMERICAN BEVERAGE ASSOCIATION STRATEGIC  
ADVOCACY FUND COMMITTEE AND SUPPORTED BY THOUSANDS OF RICHMOND RESIDENTS, LABOR AND BUSINESSES AGAINST UNFAIR TAXES.



# Standard Scripts and Narratives

## ***ECONOMIC ARGUMENTS***

“Discriminatory” (unfair restraints on trade)

“Regressive” (disproportionately hurt the poor)

“A government ‘money grab’”

“Taxes harm businesses and the economy”

“Consumers should have freedom of choice”

# Standard Scripts and Narratives

## ***HEALTH ARGUMENTS***

“The drivers of obesity are complex/unclear”

“Obesity is caused by too many calories, not SSBs”

“Physical inactivity is the problem”

“Taxes don’t work” (don’t reduce SSB consumption, obesity)

# The 2014 Mexican Soda Tax

- High stakes: Largest soft drinks market and first health tax
- Industry tried to prevent implementation:
  - Feared research would show the tax worked
  - Feared diffusion in Latin American
- Global and regional trade associations deployed: ICBA, FEMSA
- Battle of competing scientific narratives: ILSI
- 2017 UN High-Level Meeting on NCDs:
  - Government scientists found tax lowered consumption
  - Coca-Cola Global Affairs spins international press
  - All but US delegation endorsed soda taxes as evidence-based strategy

SOURCE: Pedroza-Tobias A, Crosbie E, Mialon M, Schmidt L: "Food and beverage industry interference in science and policy: efforts to block soda tax implementation in Mexico and prevent international diffusion *BMJ Global Health* 2021

# Take-home points

- Industry opposition is likely to be fierce, but strategies and narratives can be anticipated
- Expect regional and global industry actors to get involved
- Expect industry to move from softball to hardball tactics as the tax policy moves forward
- Standard industry economic and health narratives can be countered by growing evidence on the success of real-world tax policies

## Country reflections - Mexico



**Dr. Adolfo Martinez Valle**

Professor, Policy, Population and Health Research Center  
National Autonomous University of Mexico and Convener of the JLN




# Do SSB taxes harm business?



**Dr. Lynn Silver**



Senior Advisor, The Public Health Institute  
Clinical Professor, University of California San Francisco



*Let's not Sugarcoat This: Overcoming  
Opposition to Taxes on Sugary Drinks*

World Bank  
December 9, 2021

Lynn Silver, MD, MPH  
Senior Advisor  
The Public Health Institute  
Clinical Professor, U. California San Francisco



# *Fact vs Fiction* Business, Employment and Economic Impacts of SSB Taxes

FACTS



FICTION

An open book is shown from a top-down perspective, with its pages fanned out. In the center of the book, two pages are cut out to form a heart shape. The word "Fiction" is written in a clean, white, sans-serif font across the heart-shaped cutout. The background is dark, making the white text and the light-colored pages stand out.

Fiction

# Philadelphia: Industry Mobilizes Unions to Claim Job Loss Threat

*“The passage of this proposal will result in the swift departures of the Pepsi and Coca-Cola operations in the city, the loss of many family-sustaining jobs, and a consumer revolt.”*

CAMPAIGNS

UNION BENEFITS

DIVISIONS & CONFERENCES



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HEADLINE NEWS

## TEAMSTERS FIGHT BACK AGAINST PHILADELPHIA'S PROPOSED SODA TAX

2016.02.29



« PREVIOUS

NEXT »

# South Africa Industry Opposition

Corporate actors combined a host of scientific malpractice strategies to claim that the tax would:

- Trigger tens of thousands of job losses concentrated in small-scale farms and informal convenience stores
- Reduce employment growth
- Exacerbate the broader fiscal and societal costs associated with unemployment (by, for example, reducing the overall tax take);
- Damage the competitiveness of the beverage industry;
- Undermine South Africa's National Development Plan
- Trigger business failures across the supply chain;
- Reduce revenue for farmers;
- Dissuade international investors from investing in South Africa;
- Increase the risk of a credit downgrade



Fact



# San Francisco *Steady Employment Growth in 2 years Post Tax*

*“Up to two years post-tax, we do not find evidence that the San Francisco SSB tax negatively impacted net employment, employment in the private sector, or employment in specific SSB-related industries”*

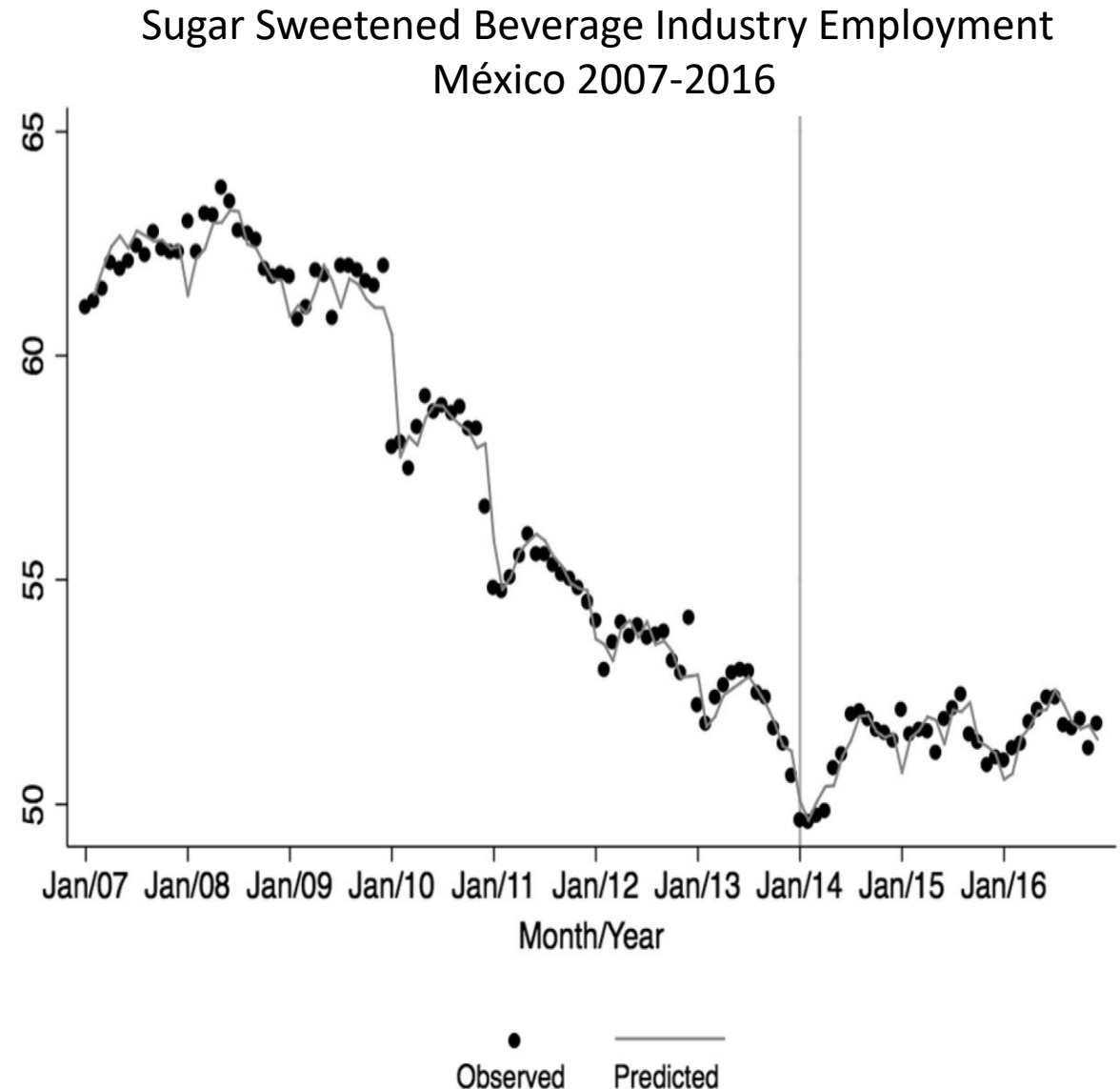
Total number of persons employed, San Francisco, CA, and its synthetic control, monthly, January 2013 through December 2019.



Marinello S, Leider J, Powell LM (2021) Employment impacts of the San Francisco sugar-sweetened beverage tax 2 years after implementation. PLOS ONE 16(6): e0252094. <https://doi.org/10.1371/journal.pone.0252094>  
<https://journals.plos.org/plosone/article?id=10.1371/journal.pone.0252094>

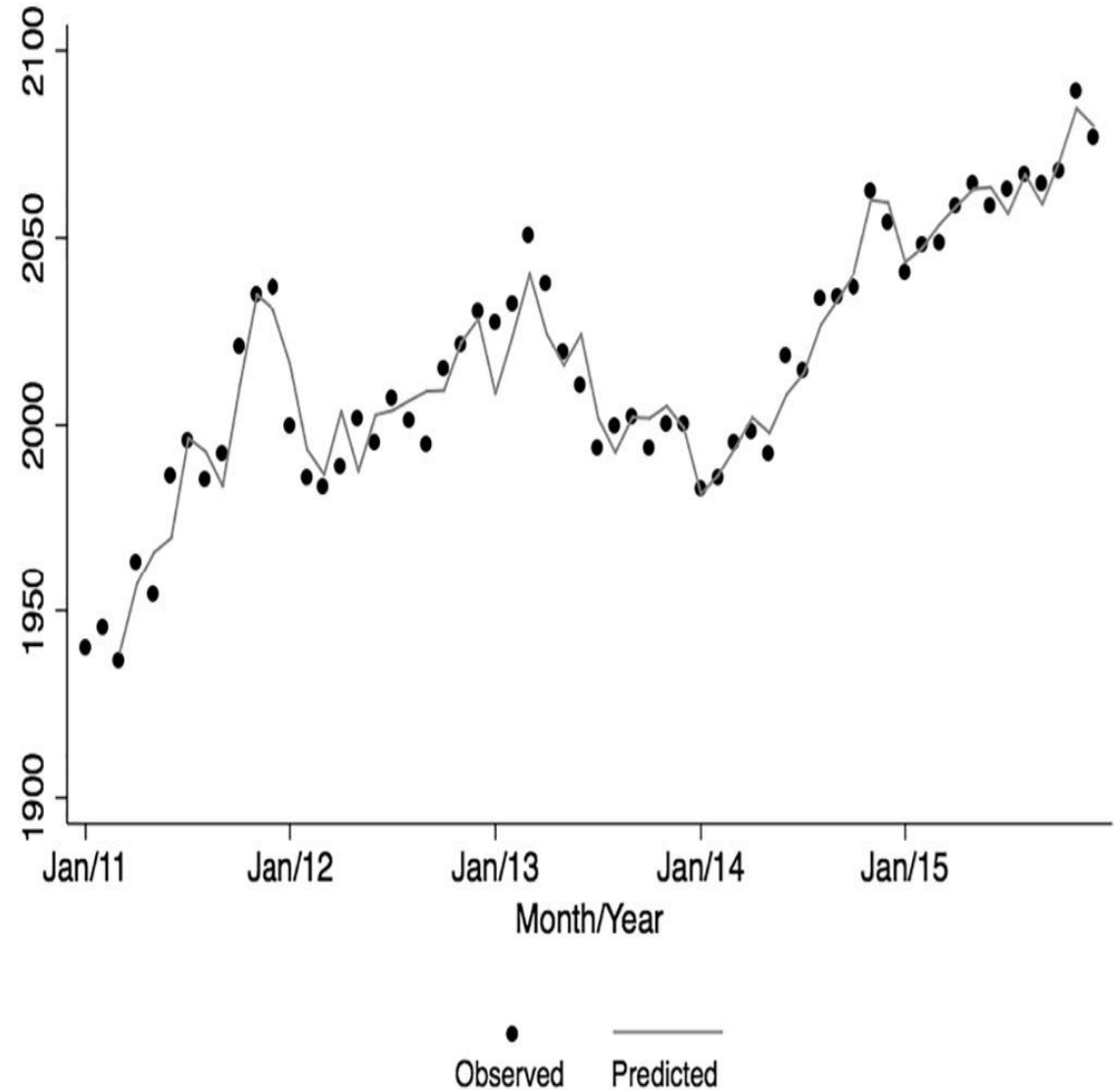


México  
Employment  
Declined in  
Years before  
Tax in SSB  
Industry and  
Steady in 2  
years Post-  
Tax



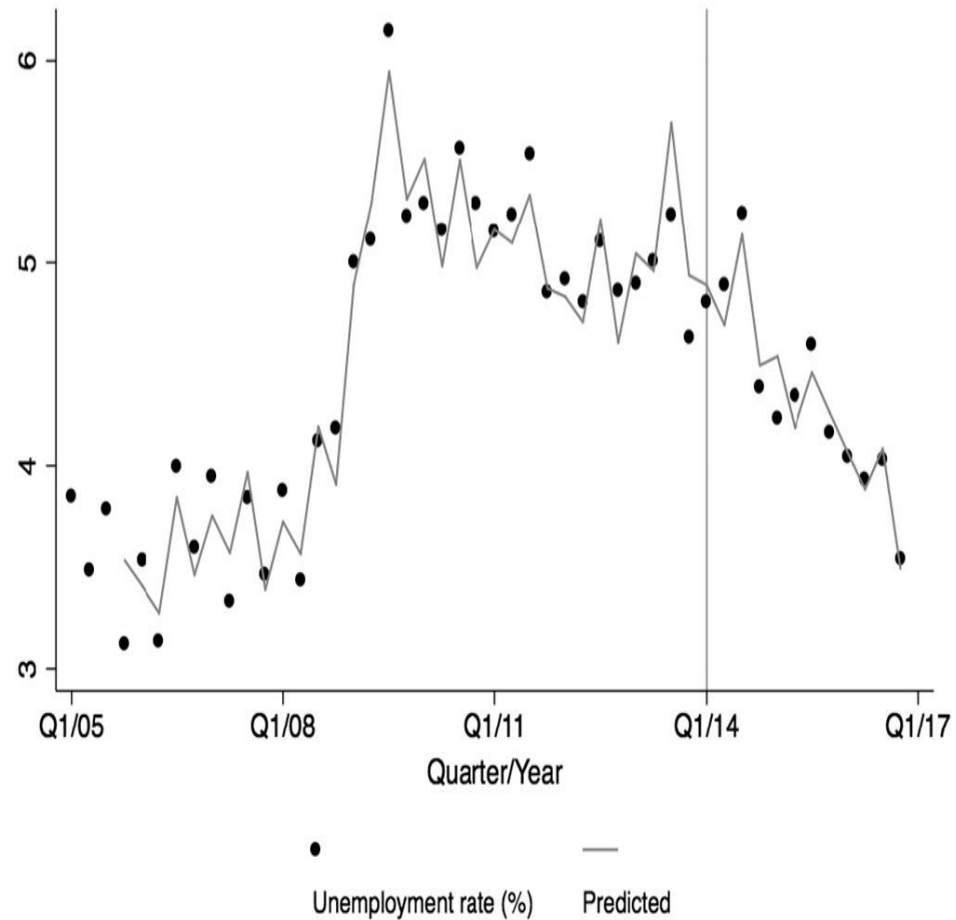
Guerrero-López CM, Molina M, Colchero MA. Employment changes associated with the introduction of taxes on sugar-sweetened beverages and nonessential energy-dense food in Mexico. *Prev Med.* 2017 Dec;105S:S43-S49

# México Employment in Commercial Food and Beverage Stores 2011- 2015 1 year Post tax



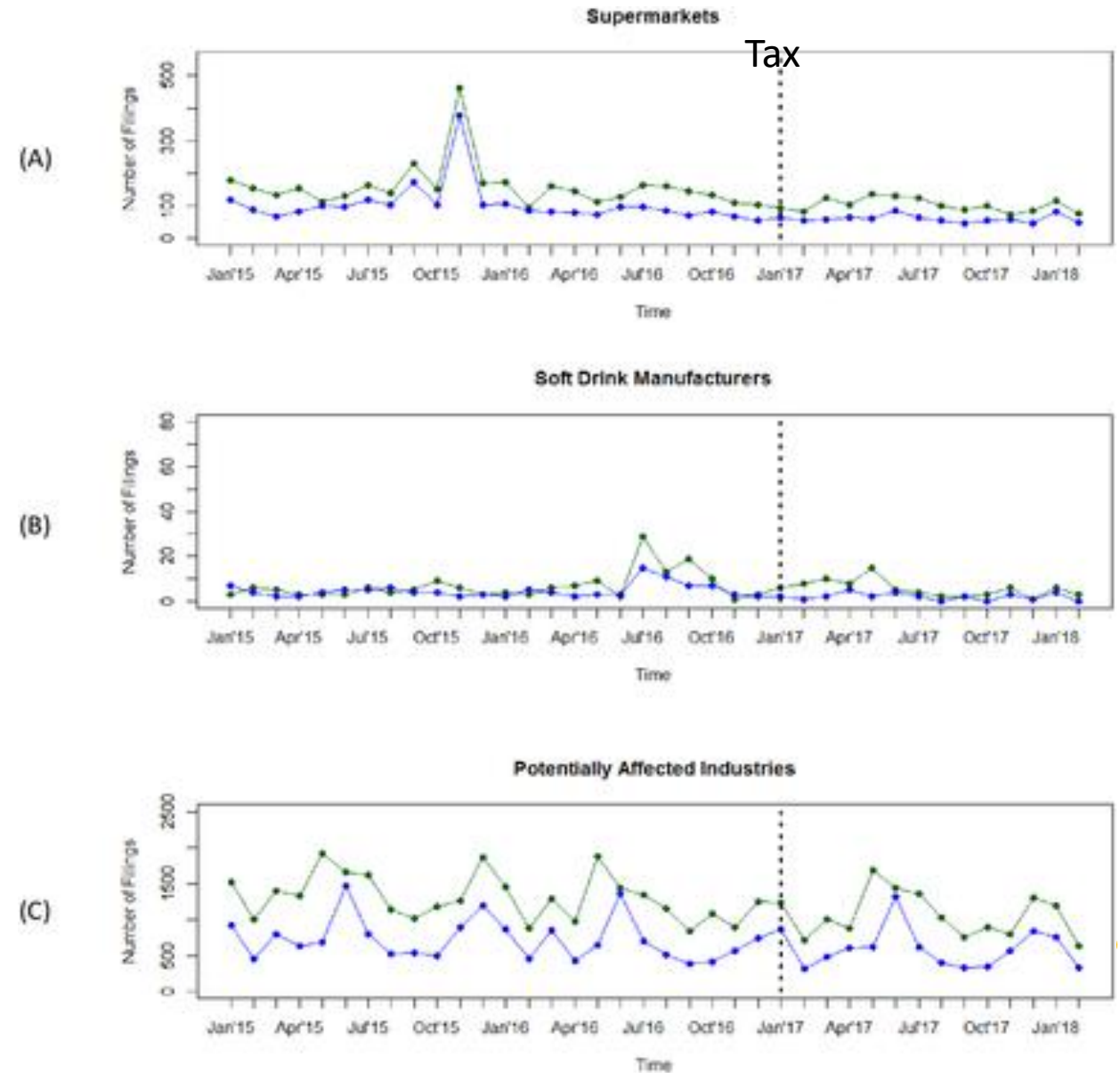
# México National Unemployment Rate 2005-2017 Rose before and declined after Tax

3 years Post tax



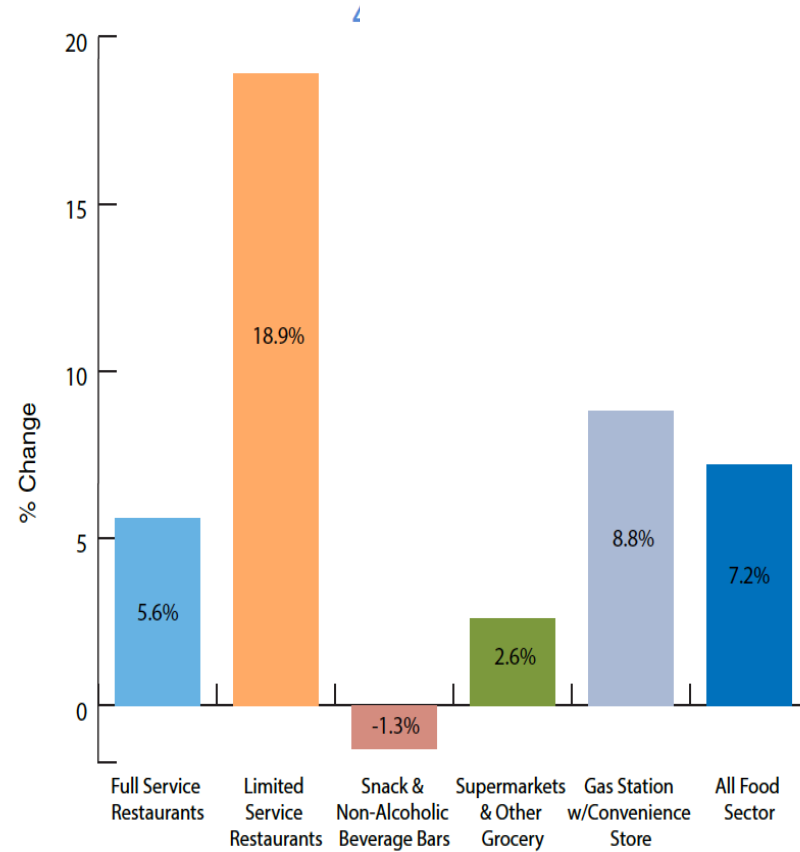
Philadelphia –  
No Increase in  
Unemployment  
Claims 1 year  
Post Tax

Fig 1. Unadjusted new monthly unemployment benefit claims filings in Philadelphia and surrounding counties, 2015–2018.

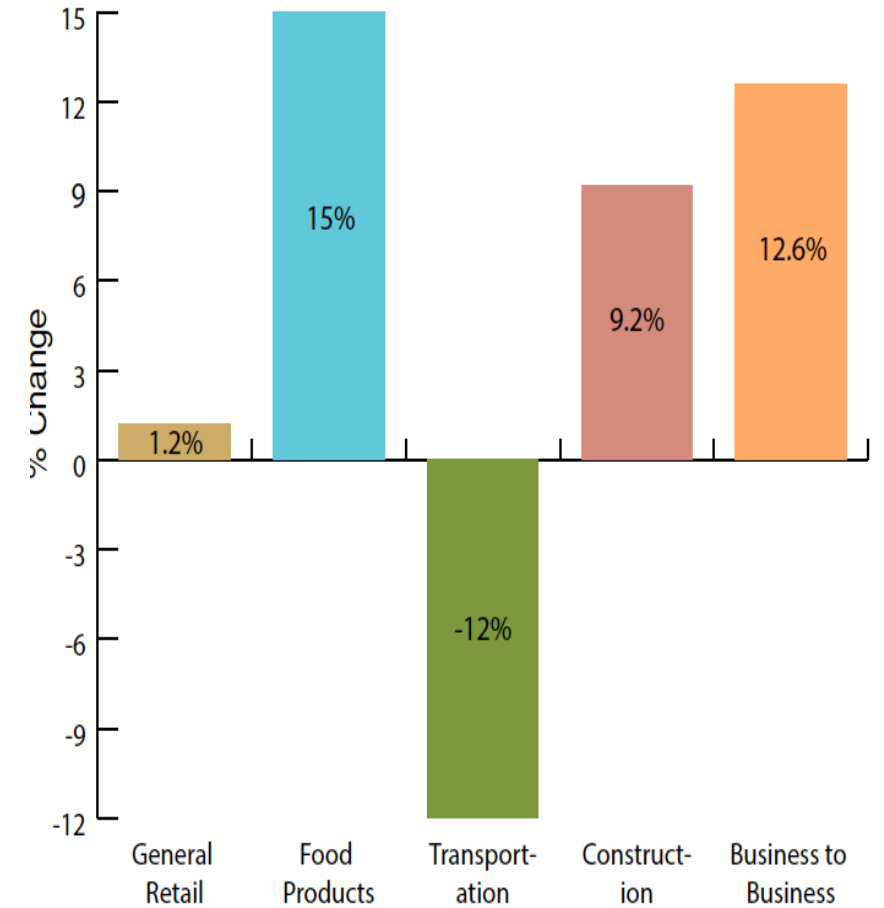




### Jobs



### Revenue



Berkeley – Food Sector Revenue Rose 15% and Food Jobs 7.2% One Year Post Tax

(Silver, 2017)



No Evidence of Employment Loss  
Due to SSB Tax in Independent  
Studies to date

# Other Economic Impacts – Substitution Effects or Reallocation

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- Increased demand for untaxed products
  - Water
  - Non-nutritively sweetened beverages
  - Other foods, consumer products or services





# Other Economic Impact – Gains in Productivity

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Predicated on success of SSB taxes in reducing obesity and noncommunicable diseases and consequent losses in productivity

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Modelling studies suggest strong positive impact on health adjusted life-years and productivity gains

Example: equal to 1.9% of total health expenditures in Australia and 0.2% GDP

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Empirical health impact studies not yet available



# Other Economic Impact – Government Revenue

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SSB Taxes generate substantial revenue, although revenue varies with tax model and as consumption falls or reformulation occurs

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Investments of revenue can also generate employment and positive economic impact

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Example: Indonesia modelling of 30 cent per litre tax would generate USD 920 million in Year 1 and USD 27 billion over 25 years (Basu, 2014)

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Example: Tax revenue invested in childcare services in Philadelphia



# Conclusions

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The best available science to date suggests no evidence of negative employment or economic effects

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As full health impact of the policies mature, positive impact on productivity and health expenditures expected

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Wise investment of government revenue can further strengthen the net economic impacts



Thank you

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Thanks also to Libby Hattersley,  
Alan Fuchs, Alberto Gonima,  
and Kate Mandeville

---

[lsilver@phi.org](mailto:lsilver@phi.org)

# Overcoming opposition to a sugary drinks tax



**Mr. Mpho Legote**

Director of VAT, Excise Duties & Subnational Taxes  
Tax Policy Unit, National Treasury, South Africa

## Country reflections - Kazakhstan



**Ms. Jamilya Sadykova**

Leader of the National Coalition for a Smoke-Free Kazakhstan

Questions  
&  
Discussions

## Thank you

Please fill out feedback form shared in chat

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