



POLICY ANALYSIS

Strengthening sugar-sweetened beverages tax effects in Catalonia, Spain

Overweight, obesity and sugar-sweetened beverages consumption in Spain

In 2014, 35.9 percent of the Spanish population aged 15 years and older were regular consumers of soft drinks. Sugar-sweetened beverages (SSBs) have been associated to obesity, diabetes, heart diseases, and more generally non-communicable diseases (NCDs). In Spain, the prevalence of obesity in the adult population reached 27.1 percent in 2016. In 2017, almost one third of Spanish children aged between two and seventeen years of age were overweighted, and one out of ten obese. Added sugar is contained in many different food products, but it has been demonstrated that a major consumption pathway, if not the first one, is through SSBs. In Spain, these beverages represent 22.5 percent of the total free sugars daily intake. Overall, this is the first source of added sugar intake in the diet of the Spanish population.

Taxation to sugar-sweetened beverages

Taxation has been increasingly proposed as a means to reduce the intake of these beverages and to trigger consumption pattern shifts, since voluntary initiatives have been failing over the years. International organizations such as the World Health Organization (WHO) and FAO advocate for this policy instrument to tackle problems related to obesity. The impacts of taxation at various levels (consumption, health, food systems, industry and economy as a whole, etc.) are still unclear and understudied, though. Nevertheless, there is a flourishing literature about positive impacts of the introduced SSBs taxes, reporting reductions in consumption and sales. Evidence of success of these taxes has spread all over the world covering the cases of Hungary, Mexico and Berkeley, and the United States of America. Following this trend, Catalonia, an autonomous region of Spain, implemented an excise tax on SSBs in May 2017 (Table 1).

KEY MESSAGES

- ▶ Awareness of health risks associated with sugar-sweetened beverages is the first reason most respondents of a sample cite for reducing their consumption.
- ▶ A tax on these beverages in Catalonia, Spain, has a signalling effect, due to a law allowing to fully pass through the price increase to consumers.
- ▶ The signalling effect would have been more prominent if the tax were more visible to people at purchasing sites and through public campaigns.
- ▶ Sugar-sweetened beverages taxes must be accompanied by other food policies targeting specific groups, such as young people who are generally less responsive to them.

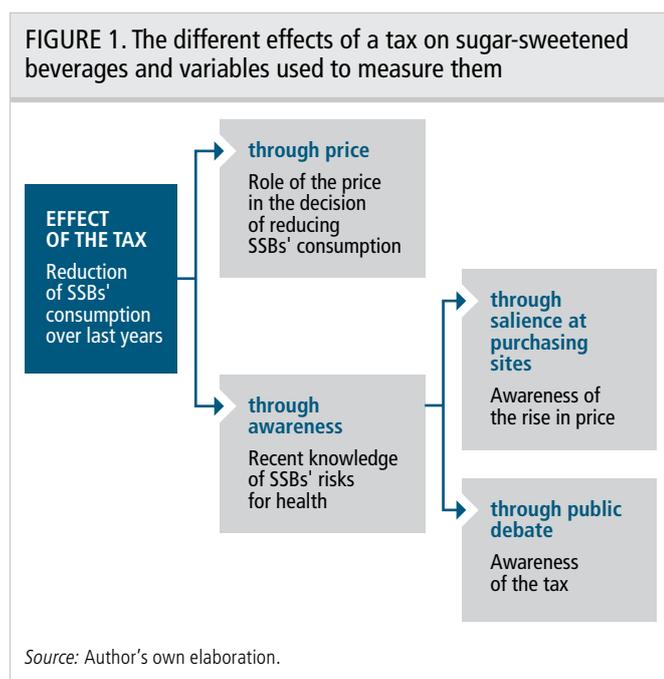
TABLE 1. The sugar-sweetened beverages tax in Catalonia, Spain

Introduction date	May 2017
Included drinks	Drinks with at least 5 g of sugar per 100 ml (excluded: diet and light drinks, 100% fruit juices, drinkable yoghurts).
Tax rate	8 cents per liter for drinks with a content of sugar between 5 g and 8 g per 100 ml of product. 12 cents per liter for drinks with a content of sugar higher than 8g per 100 ml of product.
Price rise	Between 10% and 20% (depending on the product and size of the drink).
Other characteristics	Total transmission of the price increase to the consumer (100% pass-through). Public release of the tax, but no massive public campaign about it. Signalization: supermarkets at introduction time and regularly thereafter in fast food chains.

Source: Authors' own elaboration.

Price effect vs signalling effect

The higher price of SSBs induced by a tax is supposed to curb the sales and consumption of the product levied, while generating revenues that governments can allocate to health programmes. In addition, the tax may help raise awareness on the health risks of SSBs consumption thus resulting in the “denormalization” of its (regular) consumption: this is the so-called signalling effect. Surveys are very useful to disentangle the signalling effect from the price effect of the tax. More specifically, this means to study in more detail how both the public debate around the introduction of a SSBs tax and the potential “salience” (visibility) of the tax in the supermarkets or purchasing sites can influence buying patterns (Figure 1).



In the case of Catalonia, analysis of data – from a survey of 218 respondents in the neighborhoods of Les Roquetes and Sarrià (Barcelona) – suggests that the price increase alone does not contribute much to curbing consumption of SSBs; actually, the signalling effect is the most influencing factor. But the price increase does contribute to trigger the signalling effect, thus helping raise the awareness of the health risks associated with SSB which ultimately leads to the reduced consumption. Interestingly, knowledge about the existence of the tax does not stand out as a factor discouraging SSBs consumption or increasing awareness of the health risks associated with SSBs.

Heterogeneous response to sugar-sweetened beverages taxes

In Catalonia, younger and poorer people have a higher propensity to consume SSBs. This has also been extendedly observed across the world. Being the highest consumers of SSBs, these population groups are in general more resistant to a change in their consumption habits. In the case of Catalonia, survey results also show that younger people declare being less aware of the health risks from SSBs consumption. Even though a large part of them had noticed the price increase relative to other age categories, they are the ones who associate this increase the least with SSBs health risks. Poorer people and frequent consumers of SSBs also notice more the price increase that is induced by the tax. Food policies should take into account these heterogeneous responses to sugar-sweetened beverages taxes to guarantee their efficiency.

Policy options to foster a reduction in sugar-sweetened beverages consumption

The first relevant observation is that people mainly declare reducing consumption of SSBs, partly or totally, because of an awareness of the health risks associated with them. Therefore, it is of the highest importance to guarantee that young people, who are significantly less aware of them, become better educated on this topic. Different food policies can foster such a thing, and SSBs taxes are definitely one of them given their signalling effect. To achieve that, though, these taxes need to be correctly designed and take into account potential behavioral biases. Taxes need to be well-known among the population, especially among the youngest and poorest individuals. Any communication campaign about the tax should therefore be clear, easy to understand and largely disseminated. A higher tax rate and explicit labels at vending points signalling the tax, not only at the moment of its introduction but regularly over time, would also boost its visibility and signalling effect. Finally, it is important to stress that the fundamental objective remains to work towards changing social norms and habits in SSBs consumption, especially among the youth. SSBs taxes cannot drive significant changes alone so they need to be accompanied by other measures. As noted, one solution is to make taxes much more explicit through widely spread public campaigns and labelling, but a more global nutritional education strategy and transformations of the current obesogenic environment are essential components of the “denormalization” of the habit of regularly drinking SSBs. A feeling of addiction to the taste of SSBs is another problematic issue. In this sense, promoting taste education and “self-control” are interesting ideas to explore in the future.