

Healthy Fiscal Policy Taxing Sugar-Sweetened Drinks

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Politically speaking, an issue's importance depends on many variables that can range from the current administration's agenda to the function of the media to decide which facts, data, or aspects of reality are going to be news. In that world, dominated by political and media power, few issues can be introduced by the public, or even by legislators.

Early in the Senate's sixty-second session, more than 70 civic organizations put forward an issue that at the time was not on the media's agenda, much less the political agenda of then recently-elected Enrique Peña Nieto: the problem for public health and the health system's financial sustainability given the high rates of overweight, obesity, and diabetes in Mexico. The figures are shocking, and the relationship between these conditions and certain consumer habits, undeniable. Let's take a look.

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One 600-milliliter soft drink contains 60 grams of sugar, the equivalent of 12 tablespoons, which is more than the maximum approximately 40 grams tolerable per day.¹ Drinking one 227-milliliter serving of soft drink a day increases the risk of obesity in children by 60 percent, and the risk of heart disease in women by 23 percent.²

Between 1989 and 2006, in Mexico the consumption per capita of soft drinks rose 60 percent, and that of high-calorie beverages like bottled juices and sugar-sweetened coffee doubled among adolescents and tripled among adults.³ Based on these figures and the prospects opened by the civil society organizations, I decided to undertake several actions to turn this tide back. The first and most controversial was to establish a special tax on soft drinks.

I was aware that only 50 years ago, when the first study linking tobacco with different health ailments was carried out, our cultural understanding about smoking was completely the opposite of that of today: men and women saw cigarettes as an unequivocal symbol of sophistication and

adulthood. Films encouraged smoking; it was socially acceptable to smoke in closed public spaces; and publicity for tobacco products flooded magazines and radio and television programs. Cigarettes were the quintessence of both masculinity and femininity; millions of dollars were spent in creating that halo around a product which today we are scientifically certain is completely harmful to health. In general, tobacco was for a long time great business for a few, while for others—millions of others—it caused death and disease.

The real battle among the political and economic forces to establish special taxes and restrict the sale and advertising of tobacco was waged little by little against the absolute resistance and denial of the tobacco industry, just as is happening today with the worldwide soft-drink industry.

In contrast with the tobacco companies, which were sued by those who had suffered damage to their health because the industry took it upon itself to disseminate ideas about tobacco's supposed harmlessness, the soft-drink companies' strategy in the face of criticism about their product's harmful effects on health has been to keep quiet, at least in the first instance. Their direct representatives make no claims in favor or against the issue. However, the associations in charge of protecting their commercial interests have been busy denying the link between the consumption of sugary drinks and obesity and diabetes. They have even gone to the absurd lengths of trying to discredit the scientific evidence presented by prestigious Mexican and foreign institutions like the UNAM, the National Public Health Institute, and Harvard and Cambridge universities, whose research shows that the human body is not designed for twenty-first century eating habits. The refined fats, sugars, sodium, and flours, which do not occur naturally in food, but are abundant in food industry products, ravage the body in the short, medium, and long terms.

The soft-drink companies argue that the individual is free to consume whatever he/she wants and the companies, to sell any product, as long as it is not illegal. However, they neglect to mention the fact that between those two freedoms, the consumer's right to know must prevail, the right to receive accurate, sufficient, timely, and understandable information from the companies about the health effects caused by the products they are selling.

Once the prerequisite of receiving accurate, sufficient, timely, and understandable information has been covered, if, despite the damage to his/her health, the individual wishes to consume the product, then, yes, he/she would be exercis-

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ing real freedom. In short, freedom of consumption and freedom of the market would be subject to regulations about the information the public needs to have to make a responsible, conscious decision. Once we are aware of these suppositions, it is not difficult to understand why consumption of soft drinks is so widespread and information about its effects so little known.

In our country, the state has not fulfilled its constitutional obligation of providing the public with services universally considered to be fundamental rights (quality education and drinking water). If we add to this the enormous corrupting capability of economic power, the commercial emporia have used the situation to profit unscrupulously, disguising the information and presenting the most harmful alternatives as fortunate and inoffensive.

I was warned about pressure from the soft-drink industry, although I never thought that fellow senators would oppose the bill so vehemently, that the paperwork for introducing the bill once I had presented it, respecting the formalities of the legislative process and exercising my constitutional right as a senator, would be slowed down. The critics wasted no time in expressing themselves, nor did opinion leaders linked to the industry delay in making insulting remarks.

This is easy to explain: Mexico is the jewel in the crown of the soft-drink companies, a place where their dividends rise to heights unimaginable in First World countries and are truly incredible for a developing country. For this industry, it is just a coincidence that Mexico has the world's highest obesity rate in the general populace and is also the world's biggest soft-drink consumer, that today more deaths in the country are due to diabetes than to drug trafficking. However, for scientific institutions of the caliber of the National Public Institute and the Salvador Zubirán National Institute of Medical Sciences and Nutrition, it is no mere coincidence; they have studied the phenomenon among the Mexican population and have concluded that something must be done about soft-drink consumption.

The perfect moment presented itself when the federal government was crafting the fiscal reform. I knew that was

the opportunity to approach the executive branch to get the proposal included among the reforms that would be proposed by Enrique Peña Nieto to the Congress. Based on consultations with the Minister of Finance and thanks to his sensitivity to the issue, plus the untiring work by civil society organizations, a presidential proposal was achieved that included taxing sugary drinks. We had managed to have an impact on the media's agenda, and that was how the tax on soft drinks became important and widely felt in the political sphere.

Confusion and disinformation were the tricks used by the tobacco industry, and the same ones are being used today by the soft-drink companies, whose main interest is to sell their products despite the damage to Mexicans' health. In different television forums, at the Senate offices, on pages and pages of newspapers and other publications, the soft-drink companies have focused on drawing attention away from the central problem, arguing about whether they are grams or spoonfuls of sugar, job creation and social responsibility, and the general diet of the populace. But they never talk about the damage to these people's quality of life and the sustainability of the health system itself.

One of the industry's deceitful, mendacious arguments used to sidetrack the proposal, and that I have heard and read on several occasions, says that the tax will decrease consumption by only 35 calories. However, this average figure takes into account all Mexicans as a block, but what has to be done is to distinguish between two groups: those who do not drink soft drinks or consume them very little and therefore are not going to pay the tax (quite a large group), and the consumers who ingest large quantities of soft drinks. The tax is directed at the third of the population that drinks the most soft drinks (more than 500 milliliters a day). And in their case, the decrease in daily calorie intake would be 70 or more, an important amount for human health.

Just as an example, if a person consumes between 40 and 50 calories more than their normal food intake every day, over a period of 5 to 10 years, he/she will go from a nor-

mal weight to overweight, and in a period of 10 to 20 years, will suffer from obesity, even morbid obesity, depending on his/her weight when he/she began to ingest the additional calories. What the soft-drink industry also does not say is that sugary drinks do not create a sensation of fullness and therefore have no reason to be included in the regular diet.

That the tax is not going to solve the problem is partially true because there are no panaceas, no magic formulas, or miracle products; and also because this measure must be complemented; the tax is not conceived as an isolated measure, but as the first thing the Mexican government must do. It must be accompanied by a correct label, accessible to the consumer, the prohibition of advertising hyper-caloric beverages and foods during children's TV viewing times, making health warnings mandatory on the front of the packaging of products that can be harmful to health, as well as regulating the misleading advertising the soft-drink industry uses to confuse consumers.

It is my opinion that the scientific argument cannot be refuted by any commercial or economic argument. For that reason, here and now, together with civil society, I am fighting a battle that the Mexican public understands better and better and that makes sense as more and more citizens die from ailments linked to the massive consumption of sugar. Every year, 80 000 people die in Mexico from diabetes on average.

One year after beginning this project and after negotiations with and putting pressure on the administration and its party's caucus in the Senate, the tax was approved. But not only that: another article, Article Six of the Income Budget Law, stipulates that 2014 spending must include an amount for programs to fight malnutrition, care and prevention of obesity and related chronic-degenerative diseases, as well as to facilitate access to potable water in rural areas, schools, and public spaces and that that sum must be equivalent to the amount of taxes collected by the federation accrued from the special tax on the production and services applicable to flavored beverages. I am deeply committed to accompanying, supporting, and adding important national and international actors to create a harmonious circle in the process of carrying out the actions to resolve this grave public health problem in Mexico.

It is enormously important to also point out that one of the issues that sharpens the epidemic of overweight and obesity among children and young people is the crisis of hydration derived, on the one hand, from the lack of drinking fountains in schools and public spaces, and, on the oth-

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er, the effective distribution network of sugary drinks. For this reason, and with the sole aim of insuring that the tax on sugary drinks helps to diminish the rate of overweight, obesity, and diabetes in our country, civic organizations and I

are designing a citizen/legislative monitor in charge of analyzing the public policies that the Mexican government funds using the tax monies collected from the Special Tax on Sugary Drinks. **NM**

NOTES

¹ “Fact Sheet: Sugary Drinks Supersizing and the Obesity Epidemic,” Department of Nutrition at Harvard School of Public Health, June 2012, <http://www.hsph.harvard.edu/wp-content/uploads/sites/30/2012/10/sugary-drinks-and-obesity-fact-sheet-june-2012-the-nutrition-source.pdf>.

² Kelly D. Brownell, “Ounces of Prevention — The Public Policy Case for Tax on Sugared Beverages,” *New England Journal of Medicine* vol. 360, no. 18, April 30, 2009, pp. 1805-1808; and Kelly D. Brownell, Ph.D., Thomas Farley, M.D., M.P.H., Walter C. Willett, M.D., Dr. P. H., Barry M. Popkin, Ph.D., Frank J. Chaloupka, Ph.D., Joseph W. Thompson, M.D.,

et al., “The Public Health and Economic Benefits of Taxing Sugar-Sweetened Beverages,” *The New England Journal of Medicine* vol. 361, no. 16, October 15, 2009, pp. 1599-1605

³ M. A. Colchero, J. C. Salgado, M. Unar, M. Hernández-Avila, A. Velasco-Bernal, A. Carriedo, and J. A. Rivera-Dommarco, “Aspectos económicos relacionados con un impuesto al refresco en México,” Instituto Nacional de Salud Pública, September 17, 2013, <http://www.insp.mx/avisos/2952-aspectos-economicos-relacionados-impuesto.html>.