

Public policy to lower sugar intake

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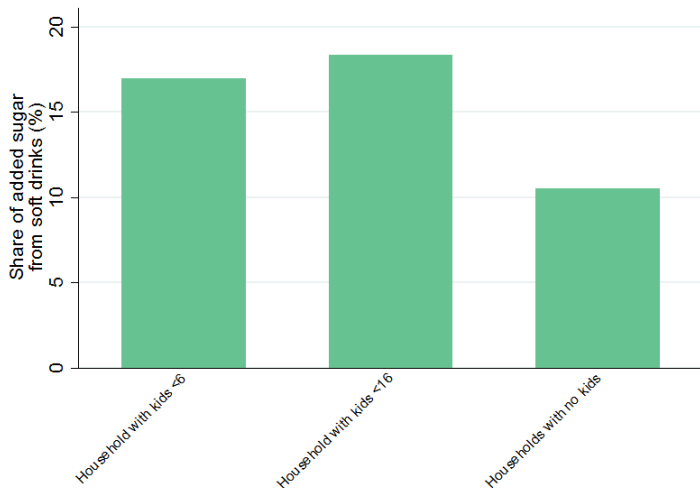
Corrective policy

- Public policy aimed at lowering sugar consumption can be thought of as “corrective”
 - Aim is to alter behaviour relative to what would prevail in unfettered market
- Key determinants of effectiveness of policy are:
 - Is measure well targeted at group in need of corrective intervention?
 - What are the likely behavioural responses?

Targets of sugar policy

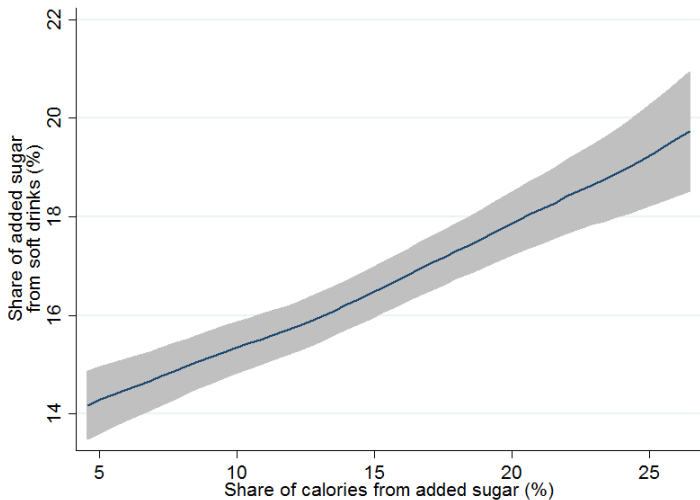
- Most obvious candidates to target are children and those with a high share of sugar in their diets
- Tax policy has focused on sugar in soft drinks
- One justification is absence of other nutrients in soft drinks
- But measure only focusses on source of less than 1/5 of dietary added sugar
- And may encourage switching to non-taxed sources of sugar
- There is evidence that tax on sugar in soft drinks may be well targeted

Households with children get more of their added sugar from soft drinks



Source: Living Costs and Food Survey 2013

Those with a lot added sugar in their diets get a higher share of that added sugar from soft drinks



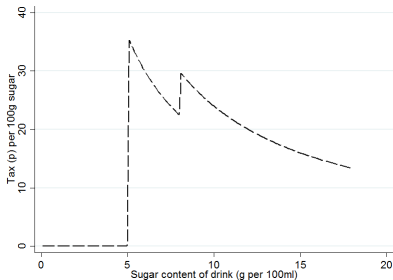
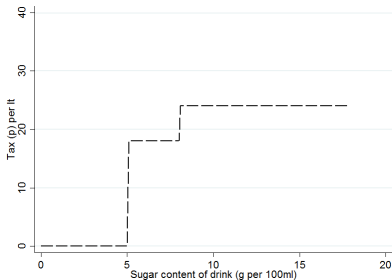
Source: Living Costs and Food Survey 2013

Behavioural response

- For instance, in case of soft drinks levy:
- How will consumers respond to higher prices?
 - To what extent will they lower consumption of sugar from soft drinks?
 - Will they switch to alternative sources?
 - Important, how does this vary across different groups?
- How will industry respond?
 - How will they change prices?
 - To what extent will they reformulate existing products to lower exposure to tax?
 - Will they offer new low sugar products?

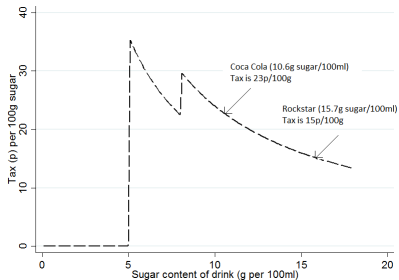
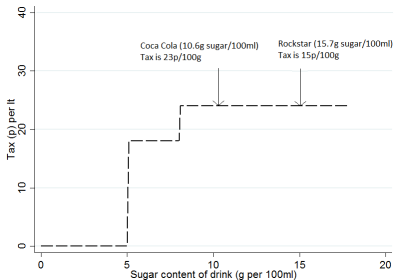
Structure of soft drinks industry levy

- 18p/litre for drinks with 5-8g of sugar per 100ml
- 24p/litre for drinks with more than 8g of sugar per 100ml



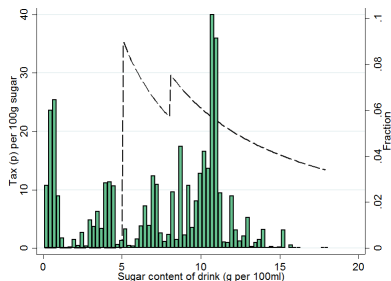
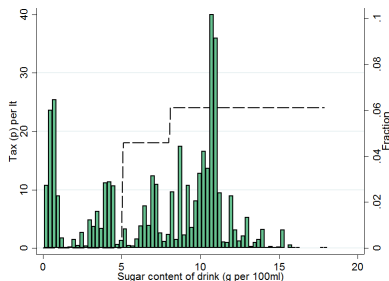
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Source: Kantar Worldpanel | Oct 2015-Sept 2016

A possible alternative structure

- 20p/100g of sugar for drinks with more than 5g of sugar per 100ml

