Public policy to lower sugar intake

Martin O’Connell

April 2017
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

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
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

A possible alternative structure

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