

Taxing Sugar Sweetened Beverages in Barbados

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Introduction

Barbados
introduced a tax on
SSBs in 2015 at
10%

No earmarking of
revenues

Helps to cover the
rising costs of
healthcare in
Barbados

Introduction

- Sales tax
- 10% of the value of the beverage before VAT (17.5%)
- Tax was levied on both local production and imports
- No special concessions

Tariff Code	Included Products
20.09	Fruit juices (including grape must) and vegetable juices, unfermented and not containing added spirit, whether or not containing added sugar or other sweetening matter
22.02	Includes: Waters including mineral and aerated waters; containing added sugar or other sweeteners or flavoured and other non-alcoholic beverages not including fruit and vegetable juices
2202.10.00	Waters, containing added sugar or other sweetening matter or flavoured
2202.10.10	Aerated beverages
2202.10.90	Other
2202.90.10	Beverages containing cocoa
2202.90.20	Malt beverages

Introduction

- **Impact of SSB tax**
- *Alvarado, et al. (2019) reported that weekly sales of SSBs fell by 4.3% as a result of the tax.
 - Bottled water sales increased by 7.5%
 - Some evidence of switching to cheaper SSBs

*Alvarado, Miriam, et al. "Assessing the impact of the Barbados sugar-sweetened beverage tax on beverage sales: an observational study." *International Journal of Behavioral Nutrition and Physical Activity* 16.1 (2019): 1-11.

Introduction

- Effective 1st April 2022 the SSB tax has increased to 20%.

SSB Tax 10%		SSB Tax 20%	
Cost before tax	\$2.00	Cost before tax	\$2.00
Cost after SSB tax	\$2.20	Cost after SSB tax	\$2.40
Cost after VAT	\$2.59	Cost after VAT	\$2.82

- This presentation attempts to evaluate the economic impact at both the micro and macro level.
- The presentation also makes some recommendations for future changes to the rate and structure of the tax.

Methodology

Literature Review

- Data and information were collected and analyzed regarding strategies at the regional and national scale.
- Reports and other documentation related to taxing sugar-sweetened beverages were analyzed.

Semi-Structured Interviews

- To ascertain primary data, particularly the trends, views, facts and description of the beverage industry within the Barbadian context:
 - public sector
 - private sector
 - civil society

Methodology

- The simulations are based on the following equation:
- $TR = (SB_{t-1} + \Delta SB_t) \times \tau$ (1)
- $\Delta SB_t = (\Delta \tau \times \varepsilon)$ (2)

Background on Sugar Consumption Taxes

Table 1: Countries with Taxes Aimed at Combating NCDs

Taxes: Sugar-sweetened beverages
Implemented nationally in Barbados, Belgium, Bermuda, Brunei Darussalam, Chile, Dominica, Fiji, Finland, France, Kiribati, Mauritius, Mexico, Norway, Samoa, Saudi Arabia, Spain, Tonga, Vanuatu, and locally in British Overseas Territory Saint Helena and within the United States of America, in Albany, Berkeley, Boulder, Oakland, Philadelphia and the Navajo Nation
Taxes: Foods high in salt, fat and/or sugar
Implemented nationally by Dominica, Hungary and Tonga. Also includes French Polynesia and by the Navajo Nation in the US.
Targeted subsidies to improve diets and health
Targeted subsidies have been embedded into social welfare programmes in the UK, Northern Ireland and the United States. There have also been targeted programmes to remote populations in Canada, as well as the provision of private health insurance programmes in South Africa. Implicit subsidies have been granted, through the removal of import tariffs on fruit and vegetables in Fiji and Tonga.
Source: World Cancer Research Fund International's Nourishing Framework (2015)

Beverage and Tax Landscape in Barbados

- Ten (10) major beverage companies in Barbados
- Estimated 750,000 to 1,000,000 units of SSB sold in Barbados
- Sugar content range from 6 grams of sugar per 100ml to 10 grams per 100ml (for energy drinks this was 30-40 grams per 100ml)

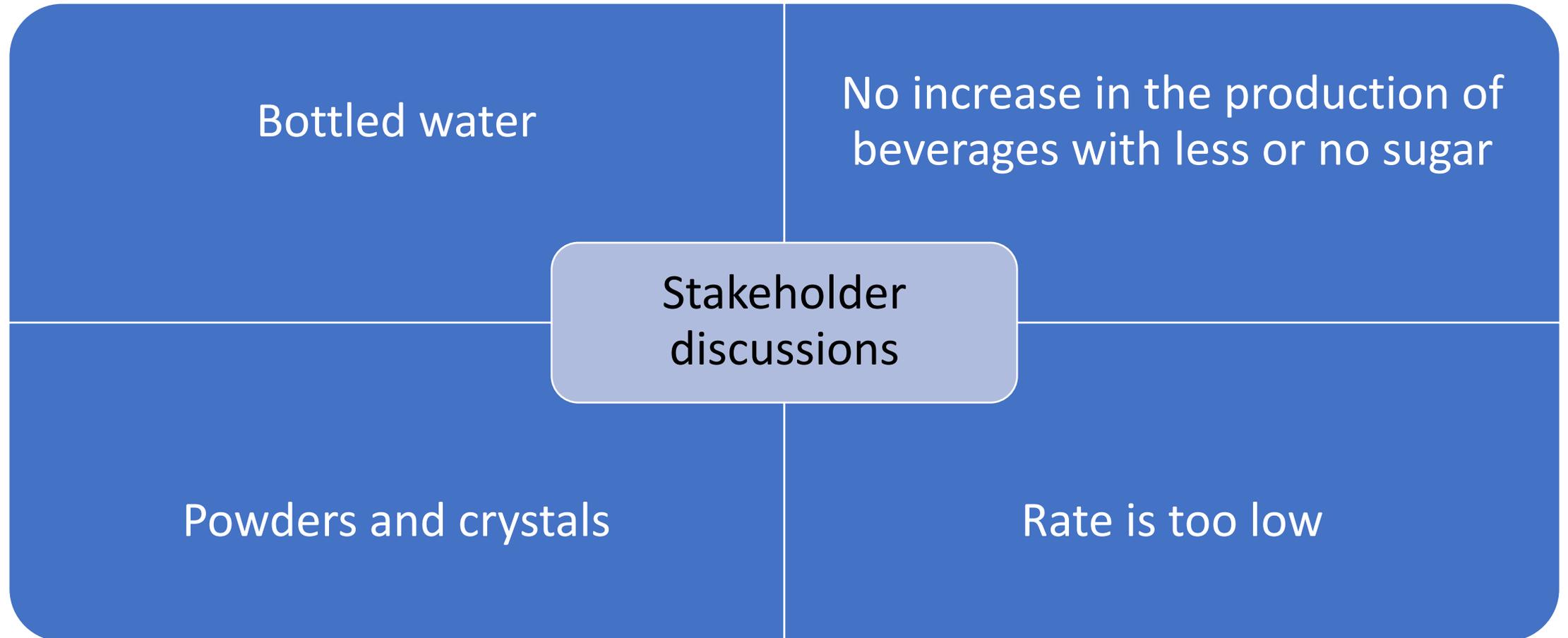
Increasing the Rate on SSBs

Table 5: Number of Studies Identifying Health Impacts by Tax Rate and Product

Tax Rate & Product	Number of studies that have found a positive impact	Number of studies that found no or negative impact
Tax rate of <20% on SSB	3	5
Tax rate of 20% + on SSBs	8	0
Tax rate of 20% on food products	4	3
Tax rate of 20% + on food products	3	0
Total	18	8

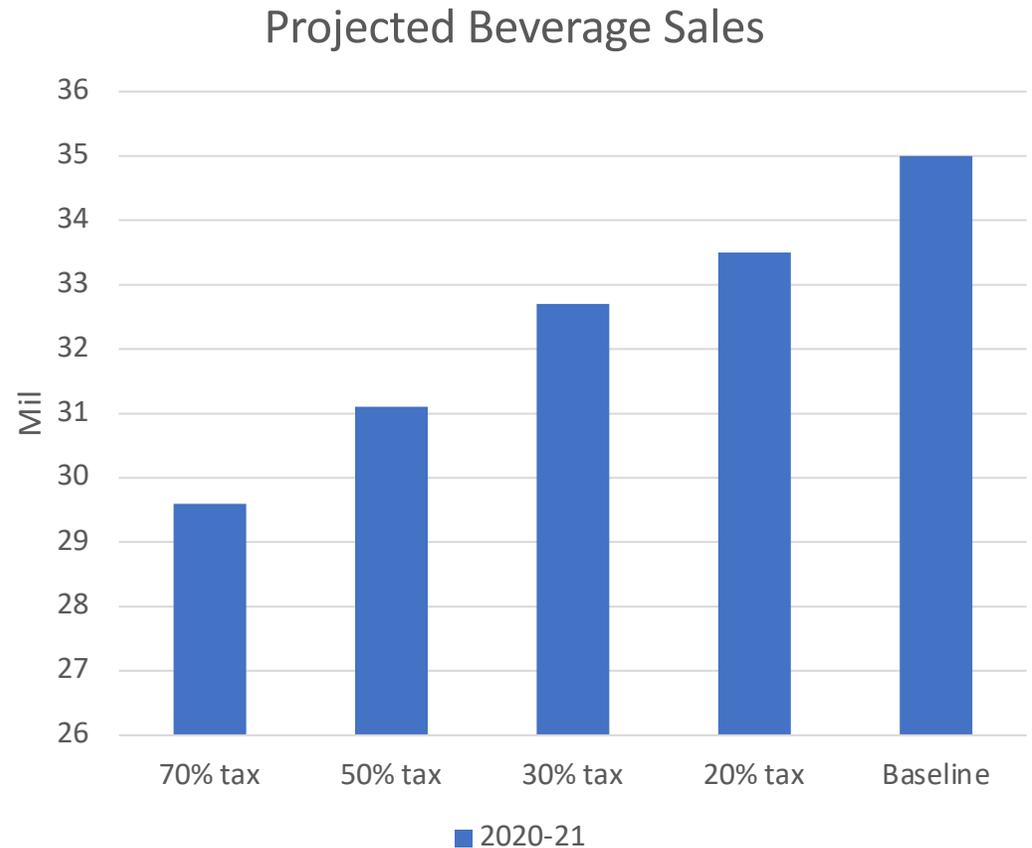
Source: (Wright, Smith, & Hellowell, 2017)

Impact of the Tax on SSBs in Barbados



Increasing the Rate on SSBs

- Increasing the tax on SSBs does reduce consumption
- At relatively high levels consumption falls significantly



Increasing the Rate on SSBs

Recommendation	Pros	Cons
Increase in tax on sugar-sweetened beverages to between 20 and 50%	<ul style="list-style-type: none">Result in a significant reduction in the consumption of SSBsLead to lower health care costs related to non-communicable diseasesActs as an effective signal regarding the negative effects of SSBsSignificant increase in tax revenues collected	<ul style="list-style-type: none">Elasticity of demand is relatively lowMight be viewed as just another tax rather than a tax aimed at enhancing health outcomeThe tax does not make healthy foods less expensive
Tiered structure of the SSB Tax	<ul style="list-style-type: none">Products with less added sugar would be taxed at a lower rateWould encourage producers to develop products with less added sugar	<ul style="list-style-type: none">Products with added sugar would still be consumed, albeit at a lower rate

Increasing the Rate on SSBs

Recommendation	Pros	Cons
Drink mixes, syrups and flavoured crystals should also be subject to the SSB tax	<p>Address a loophole in the current SSB tax</p> <p>Prevents persons substituting SSBs for syrups, mixes and flavoured crystals</p>	<p>Finding the appropriate rate since the sugar content depends on consumer tastes</p>

Conclusion

- The Barbados SSB tax has resulted in a moderation of the growth in consumption on SSBs.
- The type of beverages has not changed much as a result of the introduction of the tax.
- An increase in the tax on SSB might be needed to further moderate consumption.