

Pacific countries lead the way on sugary drinks taxes: lessons for New Zealand

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New Zealand has one of the highest rates of obesity in the OECD, and the health burden of death and disability from obesity and being overweight has increased by 26% in a decade to become the second largest single cause of health loss after tobacco.¹ An obesogenic environment, wherein marketing of and access to cheap junk food and sugary drinks is widespread, has been clearly described.^{2,3} The problem with an environment that encourages sugary drinks consumption is its link to dental decay, obesity, diabetes, cardiovascular disease and premature mortality.⁴⁻⁷ Furthermore, the obesogenic food environment in New Zealand is patterned by deprivation² and contributes to health inequities.

In many Pacific countries, obesity and high blood glucose are the greatest contributors to death and disability (eg, Cook Islands, Samoa, Tonga).¹ There are major fiscal implications from obesity-related disease, and this is placing increasing demands on fragile health systems. In response to these problems, Pacific leaders have declared a non-communicable disease (NCD) crisis.

Globalisation and trade are major drivers of the obesogenic environment. New Zealand and Australia have “Pacific reset” policies that direct further investment in the region towards improved wellbeing and economic development. New Zealand and Australia also contribute to health services for Pacific populations (eg, via health and aid budgets). Yet, at the same time, they continue to profit from export of sugar-sweetened beverages (SSBs) to the region⁸ and promote trade and tariff reductions (eg, via the PACER-Plus trade agreement) that have a disproportionate benefit to their own economies.⁹ Thus New Zealand and Australia are complicit in the Pacific

NCD crisis. New Zealand is reportedly the largest export earner from sugary drinks to the Pacific, followed closely by the United States.⁸ This is especially concerning in a region where the health system does not have the capacity to fully manage and treat the health consequences.¹⁰

SSB taxes are recommended by the World Health Organization (WHO)¹¹ and regarded as a key strategy for obesity prevention. A SSB tax is useful because it can help to address the obesogenic food environment by supporting healthier beverage options and choices. There is ample evidence that SSB taxes are an effective policy for addressing purchasing and dietary intake of taxed beverages, as consistently demonstrated in empirical studies of SSB taxes internationally. In one systematic review, consumers from every examined country responded to SSB taxes by reducing purchases of SSBs and, in some settings, increasing purchases of water.¹² SSB taxes have been found to be effective in Tonga¹³ (and to some extent the Cook Islands¹⁴), and price increases have been the major pathway of effect. SSB taxes in Tonga have likely contributed to a healthier diet, with significant declines in imports and only a small increase in locally manufactured soft drinks.^{13,15}

SSB taxes are one of the most widely used obesity prevention measures in the Pacific region. One-third of Pacific Island countries and territories (PICTs) have increased SSB taxes by levels recommended by WHO for achieving health benefits since 2000.¹⁶ Although the Pacific is not traditionally looked to for leadership in NCD prevention, there are some excellent examples of SSB tax designs, including the tiered volumetric tax in Tonga (T\$1.50/L for beverages with sugar >5g/100ml and ≤20g/100ml) targeting a broad range of SSBs that was introduced in 2017.¹³

Healthy substitution patterns have been reported after introduction of SSB taxes in several jurisdictions.¹² Bottled water was an important substitute internationally and significantly so in Tonga,¹³ especially in high-income households.¹⁷ Substitution to artificially sweetened beverages (albeit less preferable than water from a health perspective) was also seen in Tonga and the Cook Islands after taxes on these products were removed.^{13,14} However, some unhealthy substitution patterns in the Pacific have been described (eg, shifts to locally produced soft drinks),¹⁶ and this can limit health benefits. Pacific SSB taxes are generally lower for locally manufactured SSBs than imported SSBs, and even when a uniform SSB tax was legislated (eg, in Tonga and the Cook Islands), poor implementation with respect to locally produced beverages promoted shifts to these products.¹⁶

The impacts of SSB taxes by socioeconomic position remain unclear internationally, and further research is needed from more settings. Nevertheless, low-income households in Tonga appeared to benefit from greater relative declines in soft drink expenditure than high-income households (however, the pattern was unknown for volumes).¹⁷ Low-income households also continued to spend a greater proportion of their incomes on taxed beverages (although they spent less on SSBs post tax in absolute terms).

Strengthened SSB tax designs can address unhealthy substitution patterns by taxing imported and locally manufactured SSBs equally, by prioritising implementation and by targeting all commonly consumed SSBs, including powdered sachet drinks and sugar-sweetened fruit juices. SSB taxes that use volumetric, tiered or nutrient-specific designs¹⁸ can limit shifts to purchasing

cheap or bulk SSBs (such shifts are more likely with ad valorem taxes). Improving access to safe drinking water in homes may also promote healthier substitution patterns. Investment of tax revenue into the health system and obesity prevention is an option for fairer distribution of SSB tax benefits (eg, by supporting safe drinking water or paying for free dental care). Urgent attention is needed to strengthen SSB tax policies and to introduce SSB excise taxes that address SSB consumption and the NCD crisis in the Pacific region.

New Zealand can learn from the Pacific example. Well-designed SSB taxes, such as levies on sugary drinks manufacturers, are a major tool and one of the most evidence-based prevention measures for addressing NCD risk factors in the Pacific and internationally. New Zealand and other high-income Pacific trading partners can learn from the willingness of PICTs to introduce SSB taxes and then continually improve and develop their policies in response to monitoring and advice, such as has occurred in Tonga. It is time for genuine action on preventing obesity and improving oral health. We must refuse to further sacrifice health to industry interests. SSB taxes are a key element of a concerted effort to reverse unhealthy trends in diet, obesity, oral health, NCDs and health inequalities.

New Zealand and other Pacific trade partners also have an ethical obligation to support PICTs to reach their NCD policy goals. This includes supporting the introduction and evaluation of health-promoting policies like SSB excise taxes or import bans (such as in Tokelau), further investing in safe drinking water in the Pacific and carving out explicit health, social and environmental objectives in trade agreements so partners can optimise their health goals.¹⁹

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Nil.

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