23 August 2017

VIA Electronic Submission (policycoherence2017@who.int)

World Health Organization
CH-1211 Geneva 27
Switzerland

Re: Comments on the 9 August Draft Version of the Montevideo Roadmap 2018-2030 on NCDs as a Sustainable Development Priority

Dear Sir or Madam:

The International Council of Beverages Associations (ICBA)1 welcomes the opportunity to provide its perspective on the 9 August Draft Version of the Montevideo Roadmap 2018-2030 on NCDs as a Sustainable Development Priority (“Draft Roadmap”). We fully support the goal of the Montevideo conference to accelerate progress against non-communicable diseases (NCDs) in line with the 2030 Agenda for Sustainable Development, the 2011 UN Political Declaration on NCDs, and the WHO Global Action Plan for the prevention and control of NCDs. As active stakeholders, we are committed to engaging productively with WHO, Member States and NGOs to do our part to combat the global obesity and malnutrition challenge. We are pleased to see the commitment to constructive engagement with the private sector as outlined in paragraph 24, and request that other language in the Draft Roadmap consistently reflect this constructive approach.2

Furthermore, we are fully aligned with WHO’s pledge outlined in paragraph 6 to pursue the “most cost-effective, affordable and evidence-based interventions,” and we stand ready to engage as appropriate to help fulfil this priority. Keeping that goal in mind, we offer specific comment on Paragraph 15 of the Draft Roadmap, which does not meet the standards of that pledge and instead proposes financing evidence-based interventions through the non-evidence-based and non-cost-effective technique of taxing sugar-sweetened beverages. While we support WHO’s goal of

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1 ICBA is an international nongovernmental organization established in 1995 that represents the interests of the worldwide non-alcoholic beverage industry. The members of ICBA include national and regional beverage associations as well as international beverage companies that operate in more than 200 countries and territories and produce, distribute, and sell a variety of non-alcoholic sparkling and still beverages, including soft drinks, sports drinks, energy drinks, bottled waters, flavored and/or enhanced waters, ready-to-drink teas and coffees, 100 percent fruit or vegetable juices, nectars and juice drinks, and dairy-based beverages. ICBA has been a recognized and well-respected observer at Codex Alimentarius for 20 years.

2 For example, we find the language referring to “industry interference” in paragraph 3 to be unhelpful. Simply because the private sector may have substantive disagreements over a policy approach in certain instances should not invalidate our ability to be part of a constructive conversation.
increasing financing of national NCD responses in general, we are troubled by the notion that the best path toward funding NCD responses is by taxing, *inter alia*, sugar-sweetened beverages. We therefore request reconsideration of the last sentence in paragraph 15 for the following reasons:

1) **WHO acknowledges that taxation of sugar-sweetened beverages is not a “cost-effective” intervention.** Despite a pledge in the Draft Roadmap to prioritize the “most cost-effective, affordable and evidence-based interventions,”

3 WHO is nonetheless pursuing an intervention where its own work has demonstrated that it is not cost-effective. In the recent update to Appendix 3 (the menu of interventions to combat NCDs), WHO acknowledged that taxing sugar-sweetened beverages to reduce consumption is one of the weaker recommendations, by the WHO’s own analysis it is not cost-effective nor does the WHO consider it a “best buy” for countries to use.

2) **WHO is proposing non-evidence-based advocacy as a funding mechanism for evidence-based interventions.** It seems WHO is aware that there is not sufficient evidence to support the use of sugar-sweetened beverage taxation to promote a positive health outcome. It is instead promoting taxation through a much more indirect route – tax to raise revenue, which can then in turn be used to fund more reliable interventions. Offering such policy advice in a field – economics and fiscal policy – far from WHO’s expertise is not in our opinion a prudent course of action. Lastly, WHO is oversimplifying the economic complexities of taxation and ignoring significant pitfalls with this approach:

   a. **Good governance means examining a budget as a whole, not promoting piece-meal “solutions.”** Financing of national NCD responses is a significant matter which should occur as part of the national governing budgetary process, not as a one-off, selective taxation effort promoted by WHO.

   b. **Taxing products can have unintended consequences.** Taxation policy is complex, and there are documented “side-effects” to taxing sugar-sweetened beverages, as documented by the experience in Philadelphia. In January 2017, the city of Philadelphia, PA adopted a 1.5 cent per ounce beverage tax to raise revenue for pre-K education. As a recent study from the Tax Foundation highlights, the result has been fewer jobs and lower revenues:

      • **Promises to direct revenue toward particular programs go awry:** In Philadelphia, only 49% of the revenue is going to pre-K, despite mayoral

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3 Paragraph 6 of “Montevideo Roadmap 2018-2030 on NCDs as a Sustainable Development Priority,” draft version dated 9 August 2017, stating “[w]e will prioritize the most cost-effective, affordable and evidence-based interventions that will bring the highest public health return on investment…”

4 It’s further worth noting that at WHA70, the US government formally disassociated from the resolution endorsing Appendix 3 due to concerns about the lack of evidence underlying certain recommendations, including taxation of sugar-sweetened beverages.

pledges. The rest is going toward general coffers. There is simply no guarantee that funds raised from a beverage tax will go where promised.

- **Revenue projections can fall short…. leaving budget shortfalls:** soda tax collections in the first six months were already $6.9 million below Philadelphia’s estimates. When the existence of a program is predicated on an uncertain tax, the foundation is shaky.

- **Jobs loss is real,** and in Philadelphia, families are feeling the impact, especially those who cannot afford to travel outside the city limits to avoid the punitive beverage tax. Major beverage companies have announced layoffs of nearly 20% of their workforce in the city, and bodegas, supermarkets and gas stations are struggling.

c. **The economic impact of selective taxation may have detrimental effects on health.** The economic growth created by beverage and retail industries contributes positively toward health outcomes, particularly in low-income populations, by providing employment and livelihood to thousands of people around the world, and supporting access to foods. It has been clearly demonstrated that socio-economic status plays a key role in health status. In January 2017, *The Lancet* published a study on socioeconomic status as a risk factor for premature mortality.\(^6\) This study of 1.7 million people across seven high-income WHO member countries\(^7\) found that **socioeconomic status is a more important driver of health outcomes than alcohol, obesity and other risk factors considered in the WHO 25x25 initiative** (which did not consider socioeconomic factors). Participants with low socioeconomic status had greater mortality compared with those with high socioeconomic status.\(^8\) By singling out sugar-sweetened beverages for discriminatory tax treatment and thereby reducing the industry’s employment, governments (or tax advocates who advise them) are pursuing policies that have a disproportionate detrimental impact on the very populations they are supposed to help, and therefore may worsen health outcomes.

3) **Taxing sugar-sweetened beverages has not been shown to improve public health.** The global experience with taxation to date demonstrates a minimal initial, and then unsustained, calorie drop from taxation of beverages, which does not reduce obesity. In Mexico, for example, there is no evidence that the 2014 tax on sugar-sweetened beverages has had any impact on obesity. In fact, data from Mexico’s 2016 national health and nutrition survey has shown that the obesity rates have edged upward among adults from 2012-2016, especially among adult women (a statistically significant rise from 73% of the

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\(^7\) UK, France, Switzerland, Portugal, Italy, USA, and Australia

\(^8\) Low socioeconomic status was associated with a 2.1-year reduction in life expectancy between ages 40 and 85 years, the corresponding years-of-life-lost were 0.5 years for high alcohol intake, 0.7 years for obesity, 3.9 years for diabetes, 1.6 years for hypertension, 2.4 years for physical inactivity, and 4.8 years for current smoking.
adult female population to 75.6% of that population). Obesity in Mexico has increased, not declined, since the imposition of a beverage and snack taxes in country. The tax resulted in a decrease of only 4 calories per consumer per day in year one with government sales tax receipts demonstrating resumed levels of consumption in years two and three.10

Per an academic study on the tax in Berkeley, California by the University of North Carolina, the discriminatory tax on sugar-sweetened beverages has resulted in a net increase of 26 calories per day, as consumers shifted their beverage choices from taxed soft drinks to untaxed milkshakes and other high caloric drinks.11 Likewise, the McKinsey Global Institute’s 2014 Report found that taxing beverages is one of the least effective interventions in reducing calories in the diet. This study reveals that out of 40 modeled interventions, taxation was not even in the top ten. And even at this level of ineffectiveness, the science supporting taxation as an effective policy intervention was deemed weak (1 on a scale of 1-5, with 5 being the best science).12

We greatly appreciate and support the work that WHO is doing in advance of the Montevideo conference. Further, we join WHO in our willingness to promote evidence-based and cost-effective interventions. However, when WHO’s interventions turn toward selective taxation, we believe it has strayed from the mission of promoting positive health outcomes based on science. Rather than promoting unproven taxation with all its economic complexities, we encourage and support WHO’s focus on science-based interventions in the field of public health. We appreciate the opportunity to provide our input on this document, and look forward to continuing productive engagement on this topic of global importance.

Best regards,

Katherine W. Loatman
Executive Director

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9 See Mexico’s 2016 National Health Survey (ENSANUT).

10 Notably, a recent article in the journal Health Affairs claimed incorrectly that the drop in consumption witnessed in 2014 was sustained in later years. Regrettably, the authors of this article are relying on theoretical models, which are estimations that do not align with actual tax receipts from the Mexican Secretariat for Finance and Public Credit (SHCP). This real-world data shows increases in sugar-sweetened beverage sales through 2016, as opposed to the projected decrease suggested by the authors. This government tax receipt data can be reviewed at http://finanzaspublicas.hacienda.gob.mx/es/Finanzas_Publicas/Estadisticas_Oportunas_de_Finanzas_Publicas

11 “Changes in prices, sales, consumer spending, and beverage consumption one year after a tax on sugar-sweetened beverages in Berkeley, California, US: A before-and-after Study” by Lynn D. Silver, Shu Wen Ng, Suzanne Ryan-Ibarra, Lindsey Smith Taillie, Marta Induni, Donna R. Miles, Jennifer M. Poti, and Barry M. Popkin, PLOS Medicine (April 18, 2017).