**Decision: Introduction of a Tax on SSBs in Germany**

**Decision maker: German Government**

**What are SSBs and why should they be taxed?**

SSBs are **sugar-sweetened beverages**, like soft drinks. A high consumption of these drinks is problematic as a high sugar consumption can lead to many **health issues** like obesity, diabetes etc., which not only decrease the life quality of individual people but are also a burden on the public health system.

In Germany, **SSBs are one of the main sources of added sugar intake**. So targeting SSBs to reach the goal of overall reduction in sugar consumption seems promising.

A **tax** aims to internalize the external costs of high sugar consumption for the society. By increasing the prices of SSBs, **consumption can be reduced**, which has been proven in several countries that already introduced this tax. **Alternative interventions** with the aim of reduced sugar consumption could be awareness raising campaigns on the individual level or changing what kind of drinks are offered and how on the supermarket level. While these are certainly useful interventions to **accompany the introduction of the tax**, they are very complex and costly processes. The introduction of a tax seems easier and quicker to apply, with a nationwide impact. It is **recommended as a measure e.g. by WHO and UNICEF**.

Also, the higher tax **returns can then be invested in the health sector**, further promoting health and wellbeing of the population.

**Germany doesn’t have this kind of tax**. The official statement to that is that there is not enough scientifical evidence yet that a tax on SBBs will decrease sugar or total energy intake of the population in the long term and/or decrease obesity.

*(Source: https://www.bundestag.de/webarchiv/presse/hib/2020\_12/810910-810910)*

Instead, **Germany currently has a national strategy** (NRI, 2019-25) running that aims at reducing sugar contents of heavily processed food/drinks mainly. It also includes awareness raising campaigns.

*(Source: https://www.bmel.de/SharedDocs/FAQs/DE/faq-reduktionsstrategieZuckerSalzFette/FAQ-reduktionsstrategieZuckerSalzFette\_List.html)*

**Proven impacts of a tax on SSBs in other countries**

- A 10% tax levied against SSBs has been shown to lead to an 8-10% reduction in purchase and consumption

- A 20% tax on SSBs has been demonstrated to reduce the prevalence of overweight by 1-3% and the prevalence of obesity by 1-4%

- SSB taxes can significantly reduce the incidence of type-2 diabetes, heart disease, stroke, and premature mortality

- SSB taxes have resulted in substantial increases in government revenue

- No evidence of negative impact on employment was found

*(Source: UNICEF (2022). Policy Brief – Sugar-Sweetened Beverage Taxation.)*

**Model elements, ranges and units**

|  |  |  |
| --- | --- | --- |
|  | **Estimated ranges** | **Unit of measurement** |
| Higher tax returns |  | Euro |
| Higher prices of SSBs |  | Euro |
| Less consumption of SSBs |  |  |
| Economic loss of SSB producers |  | Euro |
| Economic loss for supermarkets/other stakeholders along the value chain |  | Euro |
| Less consumption of sugar |  |  |
| Less production of sugar |  |  |
| Decreased sugar beet cultivation |  |  |
| Decreased turnover of sugar beet |  |  |
| Increased areas for sustainable cultivations |  |  |
| Changed soil properties |  |  |
| Economic loss of sugar beet producers |  | Euro |
| Less health problems like obesity or diabetes |  |  |
| Higher wellbeing of the population |  |  |
| Lower costs of the health system |  | Euro |

**Underlying assumptions of the model**

**- (Slightly) higher prices lead to lower consumption of SSBs**

**-** Studies suggest that a slight increase in the price, without any explanation why, does not necessarily lead to lower consumption – declaring the tax separately on the label and explaining about the negative health consequences is an important addition to make the tax more effective

**-** Generally is an awareness raising campaign and proper information about introduction and motivation of introduction of this tax very important for it to have an impact

**-** Some people could feel patronized and consume even more, just to show they don’t care

**-** How high must the tax be to really make people substitute SSBs with healthier alternatives?

**- Lower consumption of SSBs leads to lower consumption of sugar**

- Will people substitute with other sugar-rich products? In the end sugar is kind of addictive…

**- Sugar beet main source of the sugar that is added to SSBs in Germany *(Is that the case?)***

**Further things for discussion**

**- How high should the tax be and based on what?**

- At least 20% is advised

- But based on volume (like 1 Euro per liter) or sugar content?

🡪 Based on sugar content would give an incentive for consumers to switch from the beverage with higher sugar content to one with lower; study shows that effect is 30% higher

- Effect of tax always depends on how much is consumed of what

*(Source:* [*https://www.deutschlandfunk.de/diskussion-um-zuckersteuer-weniger-fettleibigkeit-weniger-100.html*](https://www.deutschlandfunk.de/diskussion-um-zuckersteuer-weniger-fettleibigkeit-weniger-100.html)*)*

- british tax model: producers must pay a tax when their beverages contain more than 5 gr sugar per 100 ml

🡪 here, tax is effective on producer level rather than consumer level

**- Is it ethically justifyable to increase beverage prices or is this a discrimination of poorer households?**