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Sugary drinks tax in Mexico linked with 12% cut in sales after one year

In Mexico, a 10% tax on sugar sweetened drinks has been associated with an overall 12% reduction in sales and a 4% increase in purchases of untaxed beverages one year after implementation, finds a study published by **The BMJ** this week.

The findings have important implications for policy discussions and decisions, say the researchers.

Mexico has some of the highest levels of diabetes, overweight, and obesity in the world, and reducing the consumption of sugar sweetened beverages has been an important target for obesity and diabetes prevention efforts.

From 1 January 2014, Mexico implemented an excise tax of 1 peso per litre on sugar sweetened beverages.

To evaluate the effect of this tax, researchers based in Mexico and the USA studied differences in purchases of sugary drinks before and after implementation.

Using nationally representative food purchase data from over 6,200 Mexican households across 53 large cities above 50,000 inhabitants, they compared predicted volumes of taxed and untaxed beverages purchased in 2014 (post-tax period) with

the estimated volumes that would have been expected without the tax, based on pretax trends.

A statistical model was used, which adjusted for several influential factors, including age and sex of household members and socioeconomic status (low, middle, and high), and other contextual economic factors such as employment and salaries where people lived.

Purchases of taxed beverages decreased by an average of 6% in 2014 compared with expected purchases without the tax. Furthermore, these reductions became large over time, reaching a 12% decline by December 2014.

In other words, during 2014 the average urban Mexican purchased 4.2 fewer litres of taxed beverages than expected without the tax.

In contrast, purchases of untaxed beverages were 4% higher than expected without the tax, mainly driven by an increase in purchases of bottled plain water.

This translates to the purchase of 12.8 more litres of untaxed beverages by the average urban Mexican over 2014 than expected.

All three socioeconomic groups reduced purchases of taxed beverages, but the reduction was greatest among households of low socioeconomic status, averaging a 9% decline during 2014 and reaching a 17% decrease by December 2014 compared with pretax trends.

The researchers emphasise that this is an observational study so no definitive conclusions can be drawn about cause and effect. They also point to some study weaknesses, such as incomplete data on dairy beverages and their focus on Mexican cities.

Nevertheless, they conclude that this short term change “is moderate but important” and they say continued monitoring is needed “to understand purchases longer term, potential substitutions, and health implications.”

Taxes can be part of a public health strategy, but they cannot be viewed as a magic bullet in the fight against obesity, argues Franco Sassi, a senior health economist at the OECD, in an accompanying editorial.

He believes that other, complementary, policies are needed, including regulatory measures, health education around food choices, incentives for research and development in food production, and changes in the food choice environment.

“If all of the above policies were used systematically and effectively, the focus of the policy debate might shift away from taxes in the future,” he concludes.

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Notes to Editors:

Research: Beverage purchases from stores in Mexico under the excise tax on sugar sweetened beverages: observational study

<http://www.bmj.com/cgi/doi/10.1136/bmj.h6704>

Editorial: Taxing sugar

<http://www.bmj.com/cgi/doi/10.1136/bmj.h6904>

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