

Policy Profile: Mexico

Sugary Drink Tax

Mexico passed a 1-peso-per-liter excise tax on sugary drinks in October 2013.*

Tax Amount, Type, Revenue

A 1-peso-per-liter excise tax on manufacturers and distributors of all drinks with added sugar, except milk, milk-based drinks and beverages registered as medicines. The tax will be adjusted for inflation every two years. Over (US) \$2.6 billion raised in two years.

Revenue Use

Goes to the general fund, with a portion allocated by the Mexican Congress to provide access to free, potable drinking water in schools and public places, and for obesity and chronic disease prevention.

Proponents

The 22-member Nutritional Health Alliance, with organizations such as El Poder del Consumidor (Consumer Power), ContraPESO (CounterWEIGHT), and The Hunger Project Mexico; networks representing over 650 grassroots and nonprofit organizations; the Pan American Health Organization (PAHO/WHO); and legislators, and academic and medical institutions.

Results

- **Sugary drink prices rose by 1 peso per liter on average.** As intended, the tax was entirely passed on from manufacturers and distributors to consumers at the point of sale.
- **Sugary drink purchases went down**
 - **2014: by 6% on average over the first year, reaching 12% by December, 2014.** Among the poor, the average reduction was 9% throughout 2014 and reached 17% in December.
- **Purchases of water and other untaxed beverages rose by 4% in 2014.**
- **Public awareness of the harms of sugary drinks increased:** 52% of respondents said they were drinking fewer sugary drinks in 2014 than in 2013, according to national polls.

Amount

- 1 peso/liter (5 cents/liter)

What is Taxed

- Sugary drinks

Revenue Raised

- US \$2.6 billion in 2014-2015

Revenue Use

- Water fountains in schools and other childhood and adult obesity prevention programs

MEXICO AT A GLANCE

- Population 122.3 million
- 33% of children aged 2-18 and 70% of adults are overweight or obese
- Prevalence rates for diabetes, overweight, and obesity are among the highest in the world
- One of the world's largest consumers of soda (163 liters per person/year)

Produced by Healthy Food America, which works to reduce the prevalence of added sugars in the American diet, by promoting policy and changing industry practice.

Visit www.healthyfoodamerica.org or email info@hfamerica.org for more information.

Highlights

- The Mexico sugary drink tax is **reducing consumption and benefitting the most vulnerable populations**, which pay percentage of their income for their healthcare.
- Proponents built an effective three-pronged strategy, using:
 - **researchers** to provide scientific information;
 - **advocacy organizations** to generate public debate and develop and spread messages; and
 - **lobbying organizations** to identify and engage legislators at the right time.
- Advocates turned to **alternative media outlets and social media** when Mexico's major TV networks and outdoor advertising chains refused to run ads about soda, children, and diabetes. They got 250,000 hits on YouTube, produced videos and a film on the links between soda consumption and diabetes, and placed ads in cinemas, subway stations, buses, and newspapers.
- Opponents lost despite their powerful alliance which included the National Association of Sugar-Sweetened Beverages and Carbonated Water Producers, the Mexican Council of the Industry of Consumer Products, sugar cane producers, and beverage bottlers, among others. They lobbied in Congress, took out full-page ads in national dailies, and created a "front group" called Centro para la Libertad del Consumo (The Center for Consumer Freedom).
- Despite opponents' predictions, there was no reduction in the number of employees either in food- and beverage-related industry or in retail businesses after the taxes were introduced.
- **Seven of every 10 Mexicans supported a tax** if the revenue was to be used for obesity prevention or drinking fountains.

What Worked in Mexico

Each campaign has unique circumstances that dictate how it will frame and design its campaign. Here are some lessons learned from Mexico:

- Engage a **diverse group of organizations** that are respected defenders of the public's interest and have strong media and political campaign development skills.
- Have a firm grasp of the **scientific literature**. Use it to develop your messages. Call on a diverse group of experts to inform legislators and the public.
- **Define the problem** (e.g., type 2 diabetes), **identify the culprit** (sugary drinks and the soda industry), **pose a solution** (a tax), and **link the revenue to a cause** (e.g., water fountains in schools).
- Have a thorough **knowledge of the political system** and the appropriate timing to present the policy. Use this knowledge to plan your strategy.
- **Next steps:** Mexican and international experts and advocates, in accordance with WHO recommendations, are calling for a 20% tax, to have an even greater effect on consumption. Champion legislators in Mexico are proposing tax revenue be fully allocated to obesity and diet-related chronic disease prevention, to further curb the rising burden on Mexico's public health.

Advocates Win a Second Victory

In October 2015, beverage industry lobbyists sought to cut the tax in half for certain beverages with less sugar, many of which were directly targeted to children.

Advocates, with help from international health groups, convinced the Senate to sustain the full tax, on behalf of Mexico's children.

* Please contact HFA for citations.