

# MEXICO

## Policy Profile: Mexico

### Sugary Drink Tax



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

#### Tax Amount and Type

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 is adjusted for inflation when the cumulative sum of yearly inflation rates reaches 10%.

#### Revenue Use

The tax has generated approximately \$5 billion (USD) in its first four years. Tax revenue is deposited into the general fund. While the Mexican Congress allocated monies to provide access to free, potable drinking water in schools and other general monies support obesity and chronic disease prevention, Congress has failed to earmark or allocate significant additional amounts to obesity and chronic disease prevention.

#### Health Benefits

Research indicates that the tax will result in a 2.54% reduction in obesity prevalence over the next decade, with people at lower socioeconomic status seeing the largest reductions. The tax could prevent between 86,000-134,000 cases of diabetes by 2030 and 18,900 deaths between 2013-2022.

#### 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); legislative champions; 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 by 10% overall during the first two years.** Among low-income households, the average reduction was 14.3% (5.6% among higher-income households,)

#### Tax Rate

- 1 peso/liter (5 cents/liter) - approximately a 10% tax

#### What is Taxed

- Sugary drinks: soda, energy and sports drinks, presweetened ice teas and coffees, fruit drinks

#### Revenue Raised

- Approximately \$5 billion (USD) from 2014-2017

#### Revenue Use

- Tax funds are deposited in the general budget. Revenues are supporting installation of school water fountains.

#### 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)

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- **Purchases of bottled water rose by 16% 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.

## Highlights

- The Mexico sugary drink tax is **reducing consumption and benefitting the most vulnerable populations.**
- 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 tax was introduced.
- **Seven in 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 its messaging and develop its strategy. 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.

## Victories

To date, with support of champion legislators, advocates have achieved continuation of the federal SSB tax.

In 2015, beverage industry lobbyists sought to cut the tax in half for certain beverages with less sugar, many of which are directly targeted to children. With national and international support, advocates convinced the Senate to sustain the full tax.

## Next Steps

Mexican and international experts and advocates, in accordance with WHO recommendations, continue to call for a 20% tax, to have an even greater effect on consumption. Advocates and champion legislators in Mexico propose tax revenue be fully allocated to obesity and diet-related chronic disease prevention, to further curb the rising burden on Mexico's public health. Every year, advocates are challenged with reauthorizing the tax as part of the federal budget package.

*Please contact HFA for citations. Last updated May 2018.*

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