

Britain imposes sugar tax on soft drinks to cut obesity (Update)

16 March 2016



Britain will join a growing band of countries taxing excessive sugar levels in soft drinks, as it attempts to cut down on spiralling childhood obesity levels, finance minister George Osborne said Wednesday.

The levy on drinks with more than five grammes of sugar per 100 millilitres will be introduced in two years time as Britain battles some of the worst obesity rates in Europe.

"I can announce that we will introduce a new sugar levy on the soft drinks industry," Osborne said, unveiling the measure in his annual budget statement.

"We all know one of the biggest contributors to childhood obesity is sugary drinks.

"I am not prepared to look back at my time here in this parliament, doing this job and say to my children's generation, 'I'm sorry. We knew there was a problem with sugary drinks. We knew it caused disease but we ducked the difficult decisions'."

Official data from last year showed 61.9 percent of British adults and 28 percent of children aged between two and 15 are overweight or obese.

Celebrity chef Jamie Oliver, who has long campaigned for a sugar tax, hailed the surprise announcement.

"We did it!" he said on Instagram, saying it was "a profound move that will ripple around the world".

Shares in soft drinks producers plunged after the announcement.

A.G. Barr, producer of the popular Scottish drink Irn Bru, dropped 5.4 percent, while squash maker Britvic fell 2.9 percent.

Dr Ian Johnson, nutrition researcher and emeritus fellow at the Institute of Food Research, joined a number of health experts in welcoming the new tax.

"It sends out an important message, and I believe it is a valuable first step towards bringing obesity and its associated illnesses under control in the UK," he said.

Osborne said the tax would have two bands—drinks with more than five and eight grammes per 100 millilitres—and was estimated to raise £520 million a year (661 million euros, \$732 million).

The money raised would be used to fund sports activities in schools, Osborne said.

He said the delay in implementation would "give companies plenty of time to change their product mix".

Isabelle Szmigin, professor of marketing at the University of Birmingham, added: "The challenge now will be whether the large soft drinks manufacturers will reform the contents of their products, rather than simply raising prices."

Finland has had a similar levy since the 1940s, while France introduced it in 2012 and Mexico in 2013. South Africa will introduce one next year.

Denmark introduced a tax on Coca-Cola in 1953 as a protectionist measure to promote its own beer industry, but it will be scrapped next year.

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