

## Taxing unhealthy food helps cut obesity, says global study

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Credit: Veronica from Pexels

Mexico is leading the way in implementing taxes on unhealthy food options, successfully helping to tackle obesity and related health issues.



Taxes on foods that are high in fat, salt or sugar (HFSS) reduce the sale, purchase and consumption of those foods, according to a new analysis of evidence from around the world from Imperial College Business School. The paper is <u>published</u> in the journal *Food Policy*.

This can lead to lower rates of <u>obesity</u> and other diet-related health problems, especially when taxes are combined with subsidies for <u>healthier foods</u>. The review also notes that higher rates of tax are more likely to reduce HFSS food consumption and obesity, and the response is most pronounced among lower-income groups.

## **Global findings**

The review explores findings from 20 studies worldwide, in countries including Mexico, the United States, Canada, Hungary, Denmark, the Netherlands, Singapore and New Zealand, highlighting the global potential of taxes on HFSS foods. To date, only 16 countries have implemented taxes on HFSS foods, and the review incorporates some of these, alongside experimental studies.

In Mexico, an 8% tax on non-essential, energy-dense foods, including sweets, chocolates, sugary cereals, crisps, and salty snacks, saw a reduction in the sale of taxed foods of 18% in supermarkets and up to 40% in other retailers. Low-income groups, who were greater consumers of the taxed foods beforehand, showed the biggest drop in consumption once the tax was implemented.

Findings from North America and New Zealand also suggest that a low-rate tax or a tax without subsidies for healthier foods introduced in parallel, might only be effective in raising government revenues. To really impact consumption levels and obesity, the authors found that high tax rates and subsidies for healthier foods—such as foods with no added sugar or salt, foods low in saturated fat, whole-grain foods, and fruit and



vegetable-based options—were key.

One of the publication's findings is that the income from a high-rate tax (between 20% and 50%) on HFSS foods could be used to fund subsidies for healthier alternatives. For low and <u>middle-income countries</u>, where a price gap between healthy and unhealthy foods is a key driver of obesity rates, this could be a vital step in helping retailers of healthier options to compete with heavily promoted HFSS foods.

## **Lessons for UK policy**

The review's findings are particularly relevant for the U.K. where obesity is a growing problem. The number of adults who are overweight or obese in England has risen from 53% in 1993 to 64% in 2021. In global rankings, the U.K. is 55th for male obesity and 87th for female obesity, and the issue costs the NHS around £6.5 billion a year.

Recent government action includes mandatory calorie labeling in restaurants and takeaways, and restrictions on where HFSS foods can be placed in supermarkets. There is also a sugar tax on soft drinks, which has seen the average sugar content of affected products fall 46% from 2015 to 2020.

Based on the findings in this analysis, however, there may be merit in extending this to a tax on all HFSS foods, say the researchers.

Dr. Elisa Pineda, Imperial College Research Fellow at The George Institute for Global Health UK, the publication's lead author, said, "For governments, especially in the U.K., our findings underscore the efficacy of HFSS food taxes as a viable strategy to reduce unhealthy food consumption and address the public health challenges of obesity."

"The evidence that people in lower-income groups benefit the most from



these taxes suggests that they can also play a role in reducing health inequalities," said Dr. Pineda.

"The <u>positive outcomes</u> associated with combining HFSS food taxes with subsidies for healthier options make it a compelling policy option for governments looking to encourage healthy eating and reduce the impacts of obesity. However, to be most effective and avoid consumers simply substituting other unhealthy options, it is important that these taxes are paired with increased availability of healthy, affordable alternatives," she said.

According to Dr. Pineda, the research was driven by the urgent need to tackle growing rates of diet-related disease. "Recognizing the impact that food choices have on people's health, we were motivated to identify and evaluate policies that could help countries stem the tide of obesity." Dr. Pineda explained.

She continued, "Our research is a crucial step towards helping countries create health policies that can significantly reduce the burden of disease and enhance the quality of people's health. Our findings emphasize the potential of targeted fiscal measures, such as food taxes and subsidies, to alter consumer behaviors in a way that could lead to healthier populations on a global scale."

**More information:** Elisa Pineda et al, Review: Effectiveness and policy implications of health taxes on foods high in fat, salt, and sugar, *Food Policy* (2024). DOI: 10.1016/j.foodpol.2024.102599

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