



SUGAR TAX ON SSBS



The proposed Sugar Tax has been the subject of heated and vocal debate; many and lengthy submissions; as well as extensive media coverage since its announcement in the 2016 Budget Speech. In this regard it should of course be noted that there is an increasing worldwide trend to impose taxes on sugary drinks.

There have been many arguments in favour of the tax on health grounds, whereas opponents cite job losses and propose a more holistic approach to health care and in particular joint programmes with Government to reduce excessive sugar consumption.

As part of this process the National Treasury arranged a national consultative workshop on the 11th of November in Johannesburg. Many stakeholders participated including the Departments of Health and Treasury; independent health professionals; representatives of civil society; as well as the beverage industry. SAFJA participated as a keynote speaker and also participated in the panel discussions.

SAFJA presented the case for the exclusion of 100% fruit juices based on the following:

- The international precedent for the exclusion of 100% fruit juices is very evident - from Mexico to the UK - and no other countries have taxed 100% fruit juices.
- SAFJA included presentation from the GI Foundation highlighting that fruit juice contains a wealth of nutrients and health benefits. In this presentation the sugar content and metabolic behaviour of the inherent natural sugars were explained and demonstrated through the GI index.
- All countries have excluded 100% fruit juices based on their inherent nutritional benefits. They do not group 100% fruit juices with soft drinks which are energy dense and nutrient deficient. Their motivation includes:
 - ☞ Fruit juices supplement fresh fruit intake worldwide, which daily intake is below recommended levels. In South Africa particularly 100% fruit juice is seen as an important nutritional supplement for fresh fruit especially in rural areas where fresh fruit is not available year round.
 - ☞ Fruit juices offer healthier beverage options. This is clearly motivated in dietary guidelines worldwide and there is common reference to the substitution of soft drinks with healthier options such as 100% fruit juice.
 - ☞ With regard to employment there is appreciation that according to general economic theory other jobs will be created and compensate for job losses in the beverage sector. However SAFJA is very concerned that in South Africa with its very high unemployment and minimal economic growth any taxation of fruit juices will result in additional job losses in the rural areas where the fruit is grown, packed and processed but will not be re-created in the those same areas. This could result in far greater and substantial pockets of poverty in these rural areas.

In conclusion no evidence was presented at the workshop which contradicted or countered the SAFJA position. SAFJA will continue to argue that South Africa be guided by international practice where their conclusions have already been based on the extensive review of the applicable nutritional science and all other socio economic issues. SAFJA is in continued consultation with the National Treasury on behalf of the fruit juice industry to motivate for the exclusion of 100% fruit juice.

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