

## Think tank sounds warning on soda tax implementation

KUALA LUMPUR (Aug 27): A think tank has cautioned the new government against implementing the soda tax although it welcomes the ongoing discussion to reduce sugar consumption as a means of encouraging healthy living.

The Galen Centre for Health and Social Policy said it would be better for Malaysia to emulate the United Kingdom by imposing the tax at the manufacturers' level than at the point of retail.

The UK soda tax is aimed at getting soft drink makers to cut the sugar content in their products, unlike the soda tax in other countries which is only aimed at reducing consumption of sugary drinks.

"Drinks with more than a certain gramme of sugar per 100ml should face a specified tax rate per litre," said Galen Centre chief executive Azrul Mohd Khalib.

"This would have the intended result of manufacturers taking the initiative and being incentivised to reduce the sugar content in their products to avoid being taxed," he said in a statement.

Azrul said the government must invest in health literacy and non-communicable diseases (NCD) prevention programmes which aim to educate and create awareness of healthy choices and influence behaviour.

"A tax by itself is not going to solve the obesity problem. Soda drinks are not the only contributor to obesity.

He added earmarking this revenue would help address the shortfall in funding for prevention programmes.

Studies and the experience from countries such as Chile, Mexico and UK, which have already implemented this measure, indicated that a soda tax would have both short-term and long-term effects.

In the short term, young consumers between 13 and 30 years across different socioeconomic backgrounds would very likely reduce their sugar consumption by up to 80% compared to the average consumer, turning to beverages which are less sweet.

Meanwhile, older individuals and those who already have high-sugar diets are unlikely to change habits as they already have strong preferences for sugar and are relatively insensitive to price increases.

"In the long term, the situation will normalise and consumers may very well end up buying the same amount of soda drinks but paying more," said Azrul.

Further, those in the lower-income households who spend a significant proportion of their income on soda as a source of cheap energy and treats will be affected.

"With healthy food and drink options still expensive and less affordable, they might be forced to spend more rather than cut back.

"Businesses, particularly small ones such as coffee and sundry shops, will be negatively affected in the short term but will probably adjust and recover later on after the increased cost is normalised," added Azrul.

**AGENCY:** The Edge Market

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