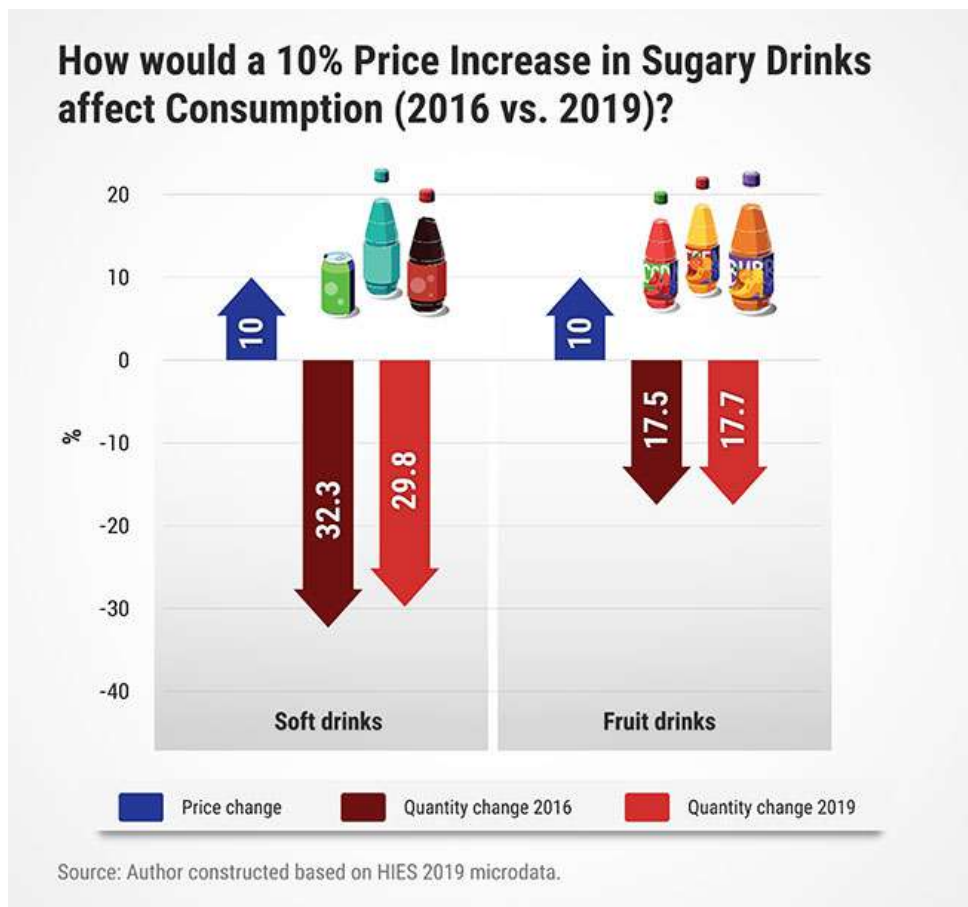




BUSINESS

Sri Lanka's battle against NCDs: Is the Sugar-Beverage Tax doing enough?

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f By Priyanka Jayawardena

Non-communicable diseases (NCDs) lead to around 120,000 deaths in Sri Lanka each year, constituting 83% of the overall recorded deaths. The revised National Policy and Strategic Framework for the Prevention and Control of NCDs is a positive initiative by the government to address this. Such policies can play a crucial role in promoting healthier lifestyles,



Priyanka Jayawardena

preventing NCDs, and improving overall public health. However, the question that lingers is, how effective are the existing measures, and where can we make improvements?

In the battle against NCDs, the government implemented a crucial policy in 2017 – the Sugar-Sweetened Beverage (SSB) tax. This tax aimed to curb the consumption of SSBs closely linked to health problems like obesity, diabetes, and dental issues. While this measure holds great promise, evaluating its effectiveness is difficult owing to data gaps. However, an IPS analysis of how SSB taxes are helping to reduce their consumption in Sri Lanka provides some initial insights.

The Case for Taxing SSBs

According to WHO 2019 estimates, diabetes is the second highest cause of death in Sri Lanka, accounting for 12,460 deaths. As rates of obesity and diet-related NCDs continue to increase, significant attention has been given to reducing the daily intake of sugar.

Taxing SSBs is a globally recommended option among evidence-based policy options to improve food environments. Research suggests several reasons for taxing SSBs, compared to other food products that contain free sugars. This is primarily due to the observed association between SSBs and NCDs, their high sugar content, and very little nutritional value.

By making these beverages more expensive, governments aim to discourage their consumption, ultimately leading to better public health outcomes. Beyond the health benefits associated with reduced SSB consumption, SSB taxes also raise revenue. When introducing the SSB tax in 2017, the government forecasted LKR 5 billion in revenue in 2018. Therefore, these taxes are recognised as a sensible way of reducing the incidence of NCDs.

Sri Lanka's Sugary Drinks Tax

The effectiveness of the SSB tax can be influenced by its structure and rate. Higher tax rates are generally more effective in driving down consumption. In Sri Lanka, the SSB excise tax is imposed as a specific tax – i.e., applied on sugar content per 100 ml. By imposing higher costs on these beverages, the government intends to deter their consumption.

However, there is a factor that often goes unnoticed but can significantly affect the impact of SSB taxes – i.e., inflation. As the general price level of goods and services rises over time, the purchasing power of money decreases. This means that the same tax rate applied today might not have the same “real” value in the future due to the diminishing value of currency caused by inflation. On the other hand, as people's average income per person goes up over time, specific tax rates have less impact over time.

Examining the timeline of SSB tax implementation in Sri Lanka reveals

* This blog is based on the ongoing IPS study 'Strengthening Fiscal Policies and Regulations to Promote Healthy Diets in Sri Lanka'. It is funded by the International Development Research Centre (IDRC), Canada.

Link to original blog: [ps://www.ips.lk/talkingeconomy-ics/2023/09/18/sri-lankas-battle-against-ncds-is-the-sugar-bev-erage-tax-doing-enough/](https://www.ips.lk/talkingeconomy-ics/2023/09/18/sri-lankas-battle-against-ncds-is-the-sugar-bev-erage-tax-doing-enough/)

Priyanka Jayawardena is a Research Economist with research interests in skills and education, demographics, health, and labour markets. Priyanka has around 15 years of research experience at IPS. She has worked as a consultant to inter-national organisations including World Bank, ADB and UNICEF. She holds a BSc (Hons) specialised in Statistics and an MA in Economics, both from the University of Colombo. (Talk with Priyanka -priyanka@ips.lk)

To be Continued



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BUSINESS

ILO ignites spirit of youth entrepreneurship across Sri Lanka

Published 11 hours ago on 2023/12/4

School Entrepreneurship Day was recently conducted across Sri Lanka with over 2000 school students from the nine provinces participating at the event organised by The Ceylon Chamber of Commerce, in collaboration with the International Labour Organization, endorsed by the Ministry of Education.

Speaking at the event in Colombo, Minister of Education Dr. Susil Premajayantha, stated 'Today, in Sri Lanka, we commemorate Entrepreneurship Day, a momentous occasion. I extend my gratitude to the Ceylon Chamber, the ILO and all other partners and sponsors for their instrumental roles in facilitating this event. The significance of entrepreneurship has garnered substantial attention in contemporary discussions. It's imperative that we prioritise fostering

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BUSINESS

IASL focuses on 'Life Insurance in Recovering Economy'

Published 11 hours ago on 2023/12/4

Panel Discussion (from left): R Rajnikanth, Managing Director/Chief Executive Officer – Life Insurance Corporation (Lanka) Ltd, Thushara Ranasinghe, Managing Director/Chief Executive Officer - Ceylinco Life Insurance Limited, Moderator - Dr. Nishan de Mel, Executive Director - Verité Research, Chandana L Aluthgama, Chief Executive Officer – Sri Lanka Insurance Corporation, Lasitha Wimalaratne, Chief Executive Officer - HNB Assurance PLC, Iftikar Ahamed, Managing Director - Softlogic Life PLC

The Marketing and Sales Forum (MSF) of the Insurance Association of Sri Lanka (IASL) hosted the 14th National Forum for Life Insurance Advisors (NAFLIA) Conference on 27th November 2023, at the Monarch Imperial, Sri Jayawardenepura Kotte. The theme of this year's NAFLIA conference was 'Life Insurance in a Recovering Economy – Focus on Fortitude'.

NAFLIA attracts leading Sales and Marketing professionals and Life Insurance advisors from the Life Insurance industry. Chief Guest Zarook, Chairman and Guest of Honour Damayanthi Fernando, Director General and other officials of the Insurance Regulatory Commission of Sri

Lanka (IRCSSL), Udeni Kiridena, Chief Executive Officer of Sri Lanka Insurance institute (SLII),

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IDB's Gold award in medium category clinched by Three Sinha Group

Published 11 hours ago on 2023/12/4

Managing Director of Three Sinha Group of Companies Manjula Ariyakumara accepts the award

Three Sinha Group of Companies was awarded the Gold Award under the Medium Category at the National Industrial Excellence Awards – 2023 organized by the Industrial Development Board (IDB). The Award Ceremony was recently held at the Nelum Pokuna Mahinda Rajapaksa

Theatre in Colombo under the patronage of President Ranil Wickremesinghe, and the Company's Managing Director Manjula Ariyakumara accepted the Award.

Established as a small-scale business venture, Three Sinha Group of Companies has now grown as a leader in the highly competitive Construction Industry through utmost dedication

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