The Discourse on Sugar-Sweetened Beverages Tax Implementation in Indonesia: What Should Be Concerned?

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Abstract. The discourse of Sugar-Sweetened Beverages (SSB) tax implementation has been discussed in Indonesia in recent years. But it was debatable. The industrial sector said this policy can decrease the community consumption that can affect the economy, especially during the Covid-19 pandemic. But on the other hand, the health sector agrees with this policy because it can decrease obesity and metabolic syndrome risk. If the SSB tax policy is to be implemented, it is necessary to pay attention to several things so that the goal of reducing sugar consumption can be achieved. This article aims to analyze the benefit, challenges of SSB implementation in Indonesia, and the recommended strategies to achieve policy goals. This article was literature review research from many journals in ProQuest, Google Scholar, Scopus databases and articles related to SSB tax implementation. Based on the research in many countries, sugar tax can reduce sugar consumption, but the effectiveness of SSB tax implementation should be considered in Indonesia. If this policy will be implemented it must consider the policy goals and achievement indicator, resources, implementers commitment, food culture in Indonesia, health literacy, maximum doses of sugar regulation, and collaboration between many stakeholders. Education about the health benefit of reduction in sugar consumption also must be done. So that, the goals of sugar tax implementation can be achieved.

Keywords: Sugar Tax, SSB Tax, Sugar Consumption

1 Introduction

In the Coronavirus Disease 2019 (Covid-19) era, Indonesia faced double pressure in the health area, not only Covid-19 infection but also non-communicable diseases (NCD) such as hypertension and diabetes mellitus. Based on the International Diabetes Federation's report in 2019, over 10 million Indonesians were diagnosed with diabetes. It makes the top ten countries worldwide with diabetes sufferers [1].

This condition also makes a double burden on the Indonesian economy. Besides the economic pressure caused by Covid-19, the cost of treatment also increase because of diabetes. Based on BPJS Kesehatan (Social Security Organising Agency for Health) data, the cost related to diabetes from 2014 until 2019 reaches IDR 6,1 trillion [2].

Facing this condition, the Indonesian government plans to control sugar consumption through sugar tax implementation especially in SSB [3]. In February 2020, The Indonesian Minister of Finance has tried to calculate the applied tax of around IDR 1,500 per liter of SSB

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and IDR 2,500 per liter in carbonated drinks. She also proposes this calculation to the People's Representative Council, but it still discusses and debatable [4].

The industrial sector expressed an opinion contrary to this policy. According to them, the excise of SSB tax will increase sales prices by 30-40 percent. This condition can reduce people's purchasing ability which has an impact on the economy, especially during the Covid-19 pandemic [5]. Another opinion states that this policy is not effective because people tend to be accustomed to consuming sweet foods and drinks so that public responses and opinions need to be explored before this policy is implemented [6].

Even so, the health sector fully supports this policy which is considered to sugar consumption reduction has an impact on morbidity and mortality due to diabetes and obesity [7]. This paper will analyze the benefit, challenges of SSB implementation in Indonesia, and the recommended strategies to achieve policy goals.

2 Methods

This research is a literature review with traditional approach. The selection of literature review methods aims to be able to provide an overview of integrated and synthesized knowledge related to benefit, challenges, and strategies of SSB tax implementation [8] from journal in Scopus, Science Direct, and Google Scholar database. There are four steps taken in this literature review study, namely: 1) search the articles with keywords "sugar tax implementation", "sugar tax benefit", and "sugar tax challenge", 2) conducting a review, 3) analyzing, and 4) writing a review [9].

3 Results and Discussion

3.1 Discourse on SSB Tax Implementation in Indonesia

SSB tax will be implemented based on article 2 of Law Number 39 of 2007 concerning Amendments to Law Number 11 of 1995 Concerning Excise [10]. This regulation discusses goods subject to excise i.e. goods that have a consumption characteristic that needs to be controlled, their circulation needs to be monitored and its use can harm the community or the environment or its use needs to be imposed by the state for the sake of justice and balance [10]. It's appropriate because SSB consumption must be controlled because it can lead to obesity, and diabetes mellitus. This policy will supports public awareness about the diseases because one of the functions of regulation is social engineering.

The Indonesian Minister of Finance has tried to calculate the applied tax of around IDR 1,500 per liter of SSB, IDR 2,500 per liter in carbonated drinks, and also IDR 2,500 per liter of sachet drinks [3]. This policy has proposed to the People's Representative Council, but it still discusses and debatable.

3.2 Benefits and Challenges of SSB Tax Implementation

SSB tax has been applied in many countries. To date, more than 40 countries in Europe, the Middle East, and the Pacific have imposed taxes on SSB products and have many positive impacts [11]. A sweetened drink tax's implementation in Hungaria is considered to have reduced

consumption of sweetened drinks although there was only a short-term which disappeared after 2 years and leading to an overall increase in SSB sales [12]. In Mexico, the consumption of sweetened drinks has also decreased especially among consumers from low economic circles [13]. Malaysia imposed a sugar tax of RM 0,4 per liter in 2019 [14], and Thailand imposed a tax of 14 percent on the retail price plus an additional tax depending on the sugar content [15].

Although this policy has been successfully implemented in various countries, but the effectiveness of SSB tax implementation should be considered the condition in Indonesia. Based on Metter and Horn [16], there are many factors related to policy successful implementation namely policy goals, communication between implementers, resources, characteristics of implementers, economic, social, and political environment, and disposition of implementers.

Before the SSB tax will be implemented in Indonesia, the policy goals and achievement indicator must be clear. It will be used to make a strategic plan to achieve the goals. What are the target for reducing sugar consumption and the estimated tax price should be calculated properly.

The resources and policy target should be identified. Financial, human resources, and operational standard procedures must be ready. Communication between stakeholders also should be improved. It's important because this policy will impact the industrial sector and disturb the economic condition, especially during the Covid-19 pandemic condition. The government readiness to support the industrial sector especially in Covid-19 pandemic should be evaluated before the SSB tax implement in Indonesia.

The SSB tax policy implementation in Indonesia also needs to pay attention to several aspects such as consumption patterns or habits, public knowledge and beliefs, and resistance from various parties.

Sweet foods and drinks consumption is often done by Indonesian. Some regional have traditional foods with sweet and sweet-spicy taste [17]. In 2014, the Total Diet Study estimated that 11,8% of the population consumed > 50 grams of sugar per day. The food sources obtained sugar, wheat products, dairy products, sweet drinks, seasonings, candy, and chocolate products [18]. Beside that, according to data presented by YouGov in April 2016, Indonesia is one of the top two countries in the Asia Pacific region with the largest snacking habits. So, this condition will be the challenge of reduction sugar consumption.

Another challenge of SSB tax implementation was public knowledge and beliefs especially related to health literacy about food consumption, sugar consumption, and the impact on health [19]. It was important because health literacy will affect food consumption. Someone who has good health literacy will choose healthy food and beverages.

The implementation challenges also come from the industrial sector that opinion this policy can reduce people's purchasing ability and impact the economy, especially during the Covid-19 pandemic [5]. It was because the SSB implementation will increase the beverage price 3 to 5 times. Many communities say that they don't want to buy the beverage if the price has increased. It will impact community purchasing power and will impact economic conditions.

3.3 Recommendations Strategies to Optimize the Sugar Consumption Reduction

The implementation of a SSB tax aims to control sugar consumption in the community. In addition, the implementation of the policy can increase state revenue from the excise side. Nevertheless, several strategies need to be carried out to achieve the policy goals.

First, the government should be set the policy goals and achievement indicators. It's important to make a strategic plan, calculate the resources that were needed, and do policy evaluation. Without achievement indicators, we never know the effectiveness of the policy. In

this condition, the leader party that is responsible and overseeing the policy implementation should be clear. Is the responsibility under the economic sector or the health sector?

Second, the government should identify the strength, weaknesses, opportunities, and threats in SSB tax policy implementation. It's useful to get the suitable strategies to face many problems in policy implementation.

Third, the government also should consider other factors such as consumption habits, health literacy, and sectors related to SSB tax implementation. We know that sugar consumption is not only obtained from sweet beverages but also be obtained from food, cakes, candies, and carbohydrate sources. To achieve the goal of reducing sugar consumption, it also needs to be followed by limiting the maximum dose of sugar that can be added to food/beverages.

Based on the American Heart Association (AHA), maximum doses that can be consumed no more than 100 calories per day (about 6 teaspoons or 24 grams of sugar) for women and no more than 150 calories per day (about 9 teaspoons or 36 grams of sugar) for men [20]. These maximum doses can socialize to the community or can be listed on food labels.

It is necessary to educate the public on how to choose healthy and nutritious food, limit sugar consumption, and its impact on health. This education is not only given to the elderly who have a higher risk but also given from an early age such as from teenagers [21]. So that people can reduce and changes the habit of sugar consumption not only in sweetened beverages but also in other sweet foods.

Collaboration and coordination with multi-stakeholders, as well as the determination of other alternatives also need to be carried out so that an agreement can be obtained with the industrial sector. Government support to industrial sector was needed in this policy implementation such as providing subsidies or giving rewards to an industry that is able to provide healthy food and drinks.

4 Conclusion

The implementation of SSB tax has many benefits and challenges. But, to optimize the goal's policy achievement, it needs to set the policy goals, consider the economic and enviroment condition, health literacy, and the culture in Indonesia. It also to improve public education on health literacy, limited maximum doses of sugar consumption each day, and coordinate with multi-stakeholders.

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