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Report Highlights:

The Netherlands will increase an existing tax on beverages as of January 1, 2023. This is envisioned to have a suppressing effect on the consumption of sugar-sweetened beverages. In parallel, the Dutch government is exploring a progressive tax on sugar-sweetened beverages. In the longer term, an additional overall tax for sugar-containing foods is being investigated. This report outlines the details of these proposed tax modifications, as well as their potential economic implications and effects on industry.

Background

The Dutch Ministry of Health, Welfare, and Sport (HWS) has several different agreements in place aimed at improving citizen health through the prevention of disease. The 2018 Dutch National Prevention Agreement (or Pact) is one such agreement that impacts the food system. This Agreement addresses obesity (among other topics), and does so by promoting nutrition, sport, and exercise.¹

Several parties in the Dutch food industry signed the agreement and, in turn, are asked to voluntarily engage in initiatives such as the Dutch [National Approach to Product Improvement](#). This initiative, started in 2022, aims to have the food industry voluntarily reduce saturated fat, sugar, and added salt levels in their food products -- aiding the Dutch population in moderating their intake of these compounds.² However, a similar governmental project³ running from 2014 to 2020 was seen as unsuccessful. The evaluation of that initiative found that “the Dutch estimated intake of salt and sugar is still too high, despite the agreements made [between the food industry and the HWS]” and that “more results could have been obtained if a more ambitious approach was taken.”⁴

As part of the National Approach to Product Improvement, the Dutch government proposed two health taxes in its 2021 coalition agreement: 1. for sugar and 2. for vegetables and fruit.⁵ This was followed by the proposal of a meat tax in 2022 by the Dutch Minister of Agriculture, Nature, and Food Quality. For more information, see [NL2022-0037 Netherlands: Concept of a Meat Tax Under Discussion in the Netherlands](#).

The proposal for a sugar tax reads “to increase taxes on sugary drinks and explore the implementation of a sugar tax.”⁶ These health taxes are not entirely new as they have been brought forward under previous governments as well.⁷ This report will examine the status of the Dutch sugar tax and its potential implication and effect on industry.

Sugar Tax... a New Dutch Tax?

More than two hundred years ago - in 1819 - the Netherlands implemented an excise tax on sugar as a commodity, to be paid by the processing industry. It was heavily debated by each new government for decades thereafter.⁸ Eventually this sugar excise tax was abolished, but not until 1993. Modern Dutch

¹ <https://www.rijksoverheid.nl/onderwerpen/gezondheid-en-preventie/nationaal-preventieakkoord>

² <https://www.rivm.nl/en/news/new-criteria-for-amount-of-salt-sugar-and-saturated-fat-in-foods>

³ <https://www.akkoordverbeteringproductsamenstelling.nl/>

⁴ <https://www.rivm.nl/nieuws/geschatte-inname-zout-en-suiker-nederlandse-bevolking-nog-steeds-te-hoog-ondanks-afspraken>

⁵ <https://www.kabinetsformatie2021.nl/documenten/publicaties/2021/12/15/coalitieakkoord-omzien-naar-elkaar-vooruitkijken-naar-de-toekomst>, p. 33.

⁶ <https://www.kabinetsformatie2021.nl/documenten/publicaties/2021/12/15/coalitieakkoord-omzien-naar-elkaar-vooruitkijken-naar-de-toekomst>, p. 33.

⁷ See e.g. <https://www.rijksoverheid.nl/documenten/kamerstukken/2020/05/18/fichebundel-beleidsopties-bouwstenen-voor-een-beter-belastingstelsel>

⁸ e.g., “De suiker-accijns, G. Nolthenius, 1845”, “De suiker-accijns, B. Heldring, 1884”, “De suikerwet, het Vaderland 1897”.

society now sees a resurgence in the sugar tax debate,⁹ albeit for different reasons. Whereas 19th century sugar tax was installed to benefit the treasury (its revenue even sometimes referred to as the “sugar jar”¹⁰), the stated goal of a 21st century sugar tax is to improve citizen’s health.

Since 1972, the Netherlands has had a specific tax in place that affects sugar-sweetened beverages, namely an excise tax on alcohol-free drinks. This tax started at €0.066 cent per liter,¹¹ and not only covered sugar-sweetened beverages (such as lemonade and soft drinks) but also bottled water.¹² The tax was solely installed for financial purposes. In 1982 the tax was extended to include fruit juices.¹³ Finally, in 1992 the tax evolved into a consumption tax for non-alcoholic drinks, and also started including vegetable juices.¹⁴ An exemption exists to this day for all dairy drinks (if containing a minimum of 0.02 mass percentage of milk fats), with a then-cited justification that “dairy is part of the consumer diet.”¹⁵ On top of the tax, a reduced valued added tax (VAT) rate was applied and still applies to these drinks as well.

The 1992 consumption tax is still in place and a €0.0883 per-liter levy is imposed on soft drinks, lemonade, fruit and vegetable juices, and bottled water. The proposed first step towards a Dutch sugar tax would be to raise this consumption tax on non-alcoholic drinks in the short term. In the longer term, a tax on all “sugary foods” is to be explored.

Due to the current definition of the consumption tax on non-alcoholic drinks, however, raising this tax would also raise the levy for no/low-sugar drinks such as mineral water, diet soft drinks, and vegetable juices.¹⁶ Moreover, dairy drinks (some of which contain sugar levels equal to those of soft drinks) would not be affected by this tax at all, due to their exempted status. The State Secretary for Health, Welfare and Sport, Maarten van Ooijen, commented in an interview as follows:¹⁷

“We try to do it {influencing the consumption of sugary beverages} in two ways: we cannot lose any time. This was also on the mind of the writers of the coalition agreement. In such case, one uses existing tax law “as is.” Additionally, one raises the already-existing taxes. In that manner, one can sort an effect straightaway. However, [through] that you see a few strange things [occurring] while doing so.... I see those too.”

In the same interview, Van Ooijen hinted that the Dutch sugar tax that will be pursued in the long-term and noted there will be no exempt status for dairy beverages.¹⁸ He expects “products high in sugar will

⁹ See e.g. this open letter to newspaper NRC of the alderman of three Dutch cities, dated December 12, 2019:

<https://www.nrc.nl/nieuws/2019/12/11/wethouders-grote-steden-tijd-voor-een-suikertaks-op-frisdrank-a3983440>

¹⁰ Bedenkingen over den Suiker-accijns, in verband tot den Nederlandschen Handel, J. Rueb, 1865

¹¹ Accijns op frisdrank; 14,5 cent per liter. "Het Parool". Amsterdam, 22-09-1971. Geraadpleegd op Delfher op 11-04-2022, <https://resolver.kb.nl/resolve?urn=ABCDDD:010836214:mpeg21:p019>

¹² <https://zoek.officielebekendmakingen.nl/0000015812>, p. 2

¹³ <https://zoek.officielebekendmakingen.nl/0000015812>, p. 14

¹⁴ Wet op de verbruiksbelasting van alcoholvrije dranken, <https://wetten.overheid.nl/BWBR0005802/2016-05-01>

¹⁵ <https://zoek.officielebekendmakingen.nl/0000015808>, p. 8

¹⁶ Wet op de verbruiksbelasting van alcoholvrije dranken, <https://wetten.overheid.nl/BWBR0005802/2016-05-01>

¹⁷ <https://pointer.kro-ncrv.nl/de-bittere-smaak-van-zoete-dranken>

¹⁸ The Dutch Dairy Industry Association (known by its Dutch acronym *NZO*) is not supportive of a sugar tax for dairy drinks as this would prevent them from centrally coordinating sugar reduction efforts in the dairy industry, and the Dutch Soda Beverage Industry Association (*FWS*) commented that they would prefer to see the implementation of a progressive sugar tax, <https://pointer.kro-ncrv.nl/zuivelbranche-niet-blij-met-plan-staatssecretaris-voor-slimme-suikerbelasting>. Earlier, the

be taxed more and products low in sugar will be taxed as little as possible.”¹⁹ Van Ooijen later also confirmed that a correction will be made for mineral waters in 2024. From then on, mineral water will be excluded from the proposed tax increase.²⁰ Further details for the sugar tax were presented²¹ as part of the [Dutch Tax Plan 2023](#) and are outlined below.

The Short-Term Approach for a Dutch Sugar Tax – Alcoholic and Non-Alcoholic Beverages

The short-term approach for the Netherlands is to raise the existing consumption tax on non-alcoholic drinks gradually -- from €8.83 to €20.20 per 100 liters from January 1, 2023, and from €20.20 to €22.67²² per 100 liters from January 1, 2024. This is envisioned to have a suppressing effect on the consumption of sugar-sweetened beverages.

In 2023, mineral waters will remain subject to the increased consumption tax. As this is seen as undesirable, beginning in 2024, an exemption for mineral waters will be made. However, to compensate for the subsequent lost tax revenue (€52 million²³), the consumption tax will be raised again from January 1, 2024.

Additionally, research into the viability of a progressive sugar tax (based on sugar content or calories) on sugar-sweetened beverages began in 2022. Its results are expected to be published in early 2023.²⁴

A consequence of the changes, however, is that an excise tax modification will also be made for alcoholic beers. Since non-alcoholic beers are subject to the consumption tax, but alcohol-containing beers are currently not, the Dutch government would like to ensure, from a public health perspective, that alcoholic beer will not be lower priced than non-alcoholic beer.²⁵ To do so, the lowest excise tax on beers will be raised in 2023 (from €8.83 to €20.20²⁶). Additionally, beginning in 2024, the government will start charging the excise tax on beer based on alcohol content (instead of on the current extract content {expressed in degrees Plato}²⁷). The increased excise tax on beer will then be set at a flat rate -- €7.49 per percent of alcohol per 100 liters of beer.²⁸

The sugar-sweetened beverage tax is reportedly supported by 40 percent of Dutch adults, while it is opposed by 43 percent, per a survey of 500 Dutch consumers. Support increases to 55 percent of Dutch adults if the sugar tax revenue is directed towards health initiatives. However, 32 percent of consumers noted they would still oppose a sugar tax under this approach as well.^{29/30}

Dutch Industry Association for Supermarkets and Food Service called a sugar tax “market disruptive,”

<https://www.cbl.nl/app/uploads/2021/05/21.012-Brief-aan-de-informateur-mevrouw-Hamer.pdf>

¹⁹ <https://www.tweedekamer.nl/kamerstukken/detail?id=2022Z05168&did=2022D12348>, p. 31

²⁰ <https://www.tweedekamer.nl/kamerstukken/detail?id=2022Z05168&did=2022D12348>, p. 65

²¹ <https://www.tweedekamer.nl/kamerstukken/kamervragen/detail?id=2022Z02494&did=2022D10703>, p. 4

²² <https://www.rijksoverheid.nl/onderwerpen/belastingplan/gezondheid/verbruiksbelasting-alcoholvrije-dranken>

²³ Bijlagenboek bij de Nota over de toestand van 's Rijks Financiën,

https://www.tweedekamer.nl/kamerstukken/brieven_regering/detail?id=2022D34541&did=2022D34541, p. 79.

²⁴ https://www.tweedekamer.nl/kamerstukken/brieven_regering/detail?id=2022D29115&did=2022D29115

²⁵ <https://www.tweedekamer.nl/kamerstukken/detail?id=2022D23037&did=2022D23037>, p. 9.

²⁶ <https://www.rijksoverheid.nl/onderwerpen/belastingplan/documenten/kamerstukken/2022/09/20/belastingplan-2023> p. 26.

²⁷ Article 7 sub 1 of the Law on Excise Duties, <https://wetten.overheid.nl/BWBR0005251/2022-07-08>.

²⁸ With the notion that the minimum charge for the excise tax totals at least €8.83,

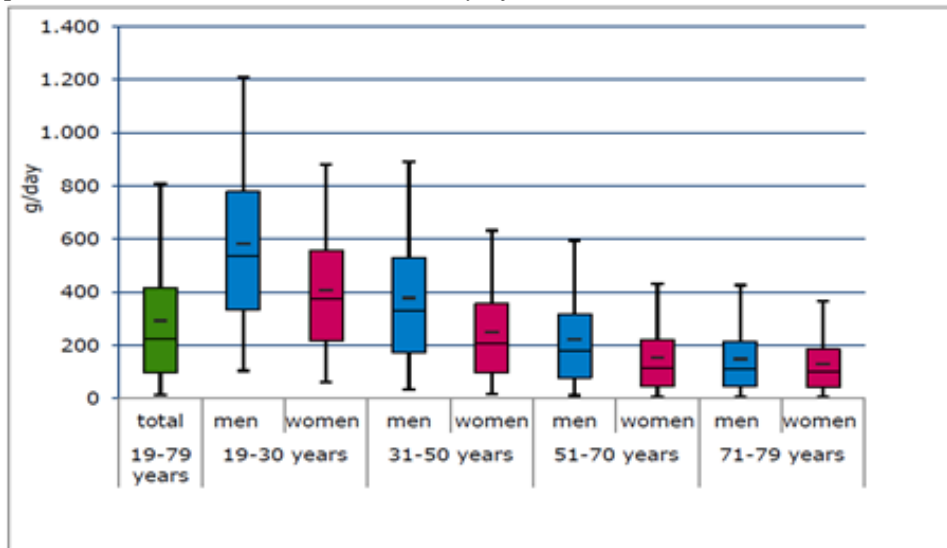
https://www.eerstekamer.nl/behandeling/20211227/publicatie_wet_5/document3/f=/vlp2ei9ua7wx.pdf, p. 9.

²⁹ <https://rivm.openrepository.com/handle/10029/624352>, p. 31.

The Economic Effects of the Short-Term Dutch Sugar Tax

The mean daily consumption of sugar-sweetened beverages in the Netherlands is 292 grams for adults (measured between 2012-2016).³¹ Women drank roughly one-third less than men (see Figure 1 below).

Figure 1 – Consumption of ‘sugar-containing beverages’ among Dutch adults aged 19-79, weighted for socio-demographic characteristics, season, and day of the week (DNFCS 2012 – 2016, n = 2078)



Source: <https://www.rivm.nl/bibliotheek/rapporten/2020-0083.pdf>

Between 2012 and 2016, Dutch retail sales of soda beverages declined. Comparing 2020 to 2011, total retail sales decreased by 19.6 percent (to 1.28 billion liters) according to the Dutch Beverage Industry Association (known by its Dutch acronym FWS).³² However, an increased consumption of mineral water or flavored water was noticed during the same period, as retail sales increased by 50.2 percent (to 0.49 billion liters in 2020).³³ The Dutch government believes these changing consumption patterns are a result of commitments made by the beverage industry to reduce calories by 30 percent by 2025. As a result, the industry presented more calorie free/diet beverages to the market and focused its marketing efforts on the introduction of flavored mineral waters containing few calories. Additionally, soda producers agreed to ban sugar-containing beverages in high schools as of 2019.³⁴

To calculate how such a tax might impact the demand for sugar-sweetened beverages, price elasticity can be used. Although the prices for food and beverages are generally regarded as being inelastic,³⁵ the price elasticity for sugary beverages is thought to be elastic and varies between -0.9 and -1.3, according to the World Health Organization (WHO).³⁶ This implies that a price increase of 10 percent would lead to a 9 to 13 percent decrease in purchases. Since the Dutch government proposed to raise the

³⁰ <https://www.cambridge.org/core/journals/public-health-nutrition/article/public-acceptability-of-a-sugarsweetened-beverage-tax-and-its-associated-factors-in-the-netherlands/CD2E25A4F33E551AE6095BAC25CB3151#>

³¹ <https://www.rivm.nl/bibliotheek/rapporten/2020-0083.pdf>, p. 93

³² <https://www.fws.nl/sector/cijfers/?msclkid=c213211fc49b11ec9ffae8739b505a8>

³³ Id.

³⁴ <https://www.tweedekamer.nl/kamerstukken/kamervragen/detail?id=2022Z02494&did=2022D05213>

³⁵ According to the WHO <https://www.who.int/publications/i/item/9789241511247>, p. 20.

³⁶ According to the WHO, <https://www.who.int/publications/i/item/9789241511247>, p. 12.

consumption tax on non-alcoholic drinks from €8.83 to €20.20 per 100 liters as of January 1, 2023 -- this is an increase of 11.38 eurocents per liter (on top of the current 8.8 eurocents per liter).³⁷ Assuming that the price for beverages remains the same and the full tax increase is passed on to the consumer, using the WHO-determined price elasticity for these goods, a one-liter bottle with a retail price of €1 will see a decrease in demand of between 10.2 to 14.8 percent after the tax increase (of 11.38 eurocents); whereas a €2 one-liter bottle will only increase 5.69 percent in price, leading to a less notable decrease in demand of 5.1 to 7.4 percent.

The revenue generated by the current consumption tax³⁸ has been a steady source of income for the Dutch treasury. Whereas the revenue was €156 million (\$162.7 million) in 2010, revenue increased to €269 million (\$280.5 million) in 2019 (accounting for 0.13 percent of the total Dutch tax revenue),³⁹ and remained stable during and in the aftermath of the COVID-19 pandemic. Although the tax proposal still must be approved by the Dutch First and Second Chambers of Parliament,⁴⁰ the treasury will receive an additional €300 million (\$312.8 million) from this tax increase, according to official government budgeting estimates for 2023.

Together with the natural growth of the tax revenue, it is estimated that the total tax revenue from the consumption tax on non-alcoholic drinks could be as high as €576 million (\$600.5 million) in 2023, and €605 million in 2024.⁴¹

Overall Efficacy of a Dutch Sugar Tax

Figure 2 – An example of a candy store at the border of Norway and Sweden. With the imposition of a Norwegian tax on confectionery and chocolate, many large and popular candy stores have opened across the Norwegian border, in Sweden.



Image source: <https://newsbeezer.com/norwayeng/norwegians-cross-the-border-to-buy-cheap-sweets/>

³⁷ In its Dutch Tax Plan 2023, see

<https://www.rijksoverheid.nl/onderwerpen/belastingplan/documenten/kamerstukken/2022/09/20/belastingplan-2023>

³⁸ i.e., soft drinks (sugar and non-sugar sweetened) and lemonade, fruit, and vegetable juices, and bottled (flavored or non-flavored) water.

³⁹ <https://opendata.cbs.nl/statline/#/CBS/nl/dataset/84120ned/table?dl=361C9>

⁴⁰ <https://www.rijksoverheid.nl/onderwerpen/belastingplan/gezondheid/verbruiksbelasting-alcoholvrije-dranken>

⁴¹ Bijlagenboek bij de Nota over de toestand van 's Rijks Financiën,

https://www.tweedekamer.nl/kamerstukken/brieven_regering/detail?id=2022D34541&did=2022D34541, p. 44

Several European publications on the consumption of sugar have been published in recent years. In February 2022, the European Food Safety Authority (EFSA) published a report (per the request of Denmark, Finland, Iceland, Norway, and Sweden) assessing potential health risks for consumers from excess consumption of dietary sugars. EFSA concluded that the intake of added and free sugars⁴² should be as low as possible, as part of a nutritionally adequate diet.⁴³ Prior to this, the World Health Organization (WHO) recommended governments implement taxes on sugar-sweetened beverages in an effort to prevent noncommunicable diseases (such as cardiovascular diseases and diabetes).^{44/45} The WHO mentioned that sugar-sweetened beverage (SSB) taxes “in the range of 20-50 percent” had the strongest and most consistent effect on reducing consumption.⁴⁶

The Netherlands is now exploring how to shape a sugar tax on both beverages as well as foods with added sugars.^{47/48} It would be the twelfth European country to tax sugary products (after Belgium, Finland, France, Hungary, Ireland, Latvia, Monaco, Poland, Portugal, Spain, and the United Kingdom).^{49/50/51/52}

The efficacy of sugar taxes, however, is still being investigated. Evidence for its efficacy usually arises from econometric estimates into price elasticities of demand and a simulation of future health-effects⁵³ (usually using price elasticities as a basis -- which some scientists argue provides important evidence but who also admit might have limitations⁵⁴) or from research into jurisdictions that have already implemented sugar taxes.

The Dutch National Institute for Public Health and the Environment (known by its Dutch acronym of RIVM), performed a comparative analysis of the effect of a tax on sugar-sweetened beverages in the United Kingdom, France, and Norway. It looked at several factors: such as consumption, percentage of population that is overweight, daily (added) sugar consumption, total share of sugar-sweetened

⁴² Free sugars are added sugars plus sugars naturally present in honey and syrups, as well as in fruit and vegetable juices and juice concentrates.

⁴³ <https://www.efsa.europa.eu/en/news/added-and-free-sugars-should-be-low-possible>

⁴⁴ See <https://www.who.int/news/item/11-10-2016-who-urges-global-action-to-curtail-consumption-and-health-impacts-of-sugary-drinks>.

⁴⁵ <https://www.who.int/europe/publications/i/item/WHO-EURO-2022-4781-44544-63081>

⁴⁶ <https://www.who.int/publications/i/item/9789241511247>, p. 13.

^{47/48} <https://www.rivm.nl/publicaties/suikertaks-vergelijking-tussen-drie-europese-landen-kenmerken-en-effecten-van-belasting>, p. 9.

⁴⁹ <https://apps.who.int/iris/handle/10665/351781>, p. 2.

⁵⁰ <https://www.gov.pl/web/ijhars/podatek-cukrowy?msclkid=eb722325c49311eca7d61902e104dc59>

⁵¹ <https://www.tweedekamer.nl/downloads/document?id=2020D19048>, p. 35.

⁵² For more information on which countries have implemented taxes on sugar-containing beverages, please refer to the regularly updated resource of the University of North Carolina at Chapel Hill: https://www.globalfoodresearchprogram.org/wp-content/uploads/2022/02/Sugary_Drink_Tax_maps_2022_02.pdf, p. 2.

⁵³ [https://www.thelancet.com/journals/lanpub/article/PIIS2468-2667\(19\)30105-7/fulltext](https://www.thelancet.com/journals/lanpub/article/PIIS2468-2667(19)30105-7/fulltext)

⁵⁴ See, e.g., “Although these econometric studies provide important evidence, they have some limitations, particularly because the food purchase data used to calculate price elasticities of demand are not specifically designed for public health outcomes (e.g., sugar-sweetened and non-sugar-sweetened drinks are often combined in a single category), and these estimates are generally obtained from observational data with minimal price variation. Furthermore, these data often lack cross-price elasticity estimates of a change in one food's price on consumption of another, and therefore cannot provide a robust estimation of the effect of food taxes and subsidies on total dietary intake”, [https://www.thelancet.com/journals/lanpub/article/PIIS2468-2667\(19\)30105-7/fulltext](https://www.thelancet.com/journals/lanpub/article/PIIS2468-2667(19)30105-7/fulltext)

beverages in a person's daily sugar intake, sales figures, and product formulation.⁵⁵ It found that in these countries, the sales of taxed sugar-containing drinks declined, and in the United Kingdom and Norway a possible substitution effect towards healthier alternatives may have been observed. The RIVM, however, could not conclude to what extent the sugar tax contributed to this effect.⁵⁶ The RIVM underlined that there may be different goals that a government is trying to achieve, e.g., reducing the sugar content of sugar-sweetened beverages, reducing sales of sugar-sweetened beverages, reducing consumption of sugar-sweetened beverages, or reducing the prevalence of obesity in the population (even acknowledging increasing tax revenues can also be a potential goal).⁵⁷ According to the RIVM, the subsequent decision on which shape and form a sugar tax should take depends on which goal a government is focused on achieving.

The Long-Term Approach for a Dutch Sugar Tax

Taxing sugar-containing foods is the long-term option the Dutch government is investigating. Decisive factors will be the "efficacy, efficiency and feasibility of such a tax." Moreover, it is noted that it is important that taxable products be clearly distinguished. This will be a large part of the research. The costs and benefits of implementing this tax will be weighed, and comparative research will be performed into the effects of a sugar tax on sugary products in other countries.⁵⁸

RIVM recommendations and considerations for shaping a sugar tax⁵⁹ include, in part:

- The type of tax - many countries use a progressive tax, including the United Kingdom. In the UK, a lower tax is levied on drinks containing 5 to 8 grams of sugar per 100 ml, and a higher tax is levied for drinks containing more than 8 grams of sugar per 100 ml. The reported result of this progressive tax is that sugar content dropped by 11 percent between 2015 and 2017 in beverages sold in the supermarket.⁶⁰ The RIVM notes that France levies a tax on each gram of sugar per 100 ml. Contrary to the United Kingdom, the RIVM notes the French sugar tax did not appear to lead to product reformulation with less sugar, as there was seemingly no incentive for the industry to do so.⁶¹
- The availability of a cheaper alternatives for sugar-sweetened beverages and determination of which drinks are "the healthier alternative," so they can be exempted from the tax. The RIVM recommends taxable drinks should include sugary beverages with natural sugars and or sweeteners. If non-alcoholic drinks sweetened with sweeteners were to be offered as a healthier alternative to sugar-sweetened beverages, the RIVM recommends more research into sweeteners, their possible negative effects, and the effect of their consumption on obesity and diabetes.⁶²

⁵⁵ <https://rivm.openrepository.com/handle/10029/624352>, p. 16-17.

⁵⁶ <https://rivm.openrepository.com/handle/10029/624352>, p. 32.

⁵⁷ <https://rivm.openrepository.com/handle/10029/624352>, p. 29-32.

⁵⁸ https://www.tweedekamer.nl/kamerstukken/brieven_regering/detail?id=2022D29115&did=2022D29115

⁵⁹ <https://rivm.openrepository.com/handle/10029/624352>, p. 32.

⁶⁰ <https://zoek.officielebekendmakingen.nl/kst-32793-385.html>

⁶¹ <https://rivm.openrepository.com/handle/10029/624352>, p. 30.

⁶² <https://rivm.openrepository.com/handle/10029/624352>, p. 31.

Next Steps

Research into a broader sugar tax on sugar-containing products in the Netherlands will start in January 2023, with a goal of concluding it by September 2023, after which (possible) next steps will be presented.

Attachments:

No Attachments.