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Article from Sugaronline Ebriefing
UK: New Coca Cola CEO says sugar taxes ineffective

The Executive Director would like to call your attention to the article from Sugaronline's Ebriefing from 2 February 2017.

UK: New Coca Cola CEO says sugar taxes ineffective

Taxes on sugary soft drinks are 'discriminatory' and 'haven't really made a difference to the industry', according to the man who will take over as CEO of Coca-Cola in May, according to the UK's FoodBev.

James Quincey was talking to Beverage Digest, along with outgoing CEO Muhtar Kent, who will leave the role after nine years but remain with the company as chairman of the board.

"You can look around the world at beverage taxes and see they haven't really made any difference," Quincey said, referring to a series of measures brought in by countries like Mexico and France.

He was particularly critical of taxes that apply uniformly across all soft drinks, saying that the legislation could only be effective if low-calorie alternatives like Coca-Cola Zero Sugar and Coca-Cola Life were spared.

But he acknowledged that the company has a role to play in shaping the public's diet. "We know we need to help shape choice and be part of the solution, with smaller packages, reformulations, innovation and the way we go to market," he said.

Last week, the French government banned unlimited refills of sugary drinks in restaurants and public buildings - but Mexico's soft drinks tax, which was introduced more than three years ago and applies a rate of 10% per litre on sugary drinks, is by far the most high-profile.

Critics of Mexico's sugar tax say that it has failed to demonstrate causality, with the country's government not expecting lower revenue in the future because of changed consumption behaviour. In fact, consumption trends in Mexico seem little different to neighbouring countries.

They also argue that sugar taxes disproportionately affect poorer consumers. In the interview with Beverage Digest, Quincey also suggested that the company would continue with its M&A activity under his leadership. "We're generally in the half-billion to billion-dollar range, and we do one to three of those a year," Quincey said.

In recent months, it has made moves for Vonpar in Brazil and the AdeS soy beverage business of Unilever.

It was also forced to buy out the $3 billion stake in Coca-Cola Beverages Africa that had previously been owned by Anheuser-Busch, as it continued a piecemeal approach to selling off assets in order to appease anti-trust regulators. Coca-Cola will refranchise the CCBA territory to new and existing bottlers as soon as it is able.

And Muhtar Kent reiterated Coca-Cola's emphasis on beverages - unlike rival PepsiCo, which now generates a majority of its revenue from outside of its soda business. "We don't want to be distracted by food," he said. "Our business is hydration."

"A decade ago still [waters] were around 10% and sparkling was about 90%. Now, that mix is 70% sparkling, 30% stills. Glaceau, Fairlife, Smartwater, Jugos Del Valle, Innocent, Honest Tea and Gold Peak were not around, and now they are. Fairlife is not a billion-dollar brand yet, but it's on its way."