

# Beverages with a Combination of High Alcohol Content, Caffeine and Sugar

The Canadian Centre on Substance Use and Addiction (CCSA) is Canada's only agency with a legislated national mandate to reduce the harms of alcohol and other drugs on the Canadian population. We do so by gathering the latest evidence and sharing that evidence widely. Created by an Act of Parliament in 1988, the CCSA's vision is for a healthier Canadian society where evidence transforms approaches to substance use. Our mission is to address issues of substance use by providing national leadership and harnessing the power of evidence to generate coordinated action to inform policy, practice and programs.

In the present memorandum, the CCSA recommends that access to highly sweetened alcoholic beverages be restricted. In addition, as a centre of expertise and reference for reducing harm caused by alcohol, the CCSA would like to take this opportunity to propose three points that should be addressed in order to better control the sale of alcohol in Canada and ensure it is done from a perspective of protecting the health and safety of Canadians.

## Background

This memorandum was written in a very specific context: it follows the death of Athéna Gervais, who was found lifeless in a stream behind her high school in Laval, Quebec, on March 1, 2018, after having consumed a 568 ml can of FCKDUP—a beverage containing 11.9% alcohol—during her lunch hour.<sup>1</sup> Sadly, Athéna's death occurred not long after the publication of studies showing that every day, several young people are seen in Quebec emergency rooms for acute alcohol poisoning (April et al., 2018; Cyr, Paradis, Cyr, Goupil, & Proulx, 2017).

While the situation in Quebec has highlighted the link between the consumption of highly sweetened alcoholic beverages and the health of young people, a body of studies conducted in some thirty American states has shown that the availability of these products is also associated with various legal problems including assault, mischief, uncivil conduct, drinking and driving, and underage drinking (Barajas, McKee, Hannan, Nelson, & Jones-Webb, 2011; Rhonda Jones-Webb et al., 2011; R. Jones-Webb, Nelson, McKee, & Toomey, 2014; McKee et al., 2017).

## Restricting Access to Highly Sweetened Alcoholic Beverages

Before arriving at a recommendation, the CCSA carried out research and posed several questions, one of which was, "Why are highly sweetened alcoholic drinks so popular with young people?" In 2011, Australian researchers asked themselves the same question and demonstrated that the main reasons young people consume this type of product are flavour and the price (Jones & Reis, 2011).

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<sup>1</sup>FCKDUP belongs to a category of alcoholic beverages made from fermented malt that have an alcohol content of between 5% and 12% and that taste like lemonade, juice or iced tea, making them attractive to young people.



In fact, economic availability is one of the main determinants of alcohol consumption and its associated problems. Numerous studies have demonstrated that the higher the price of alcohol, the lower the incidence of alcohol consumption and its associated issues. Inversely, the lower the price of alcohol, the higher the consumption and its associated issues (Babor, 2010; Meier et al., 2008). At the time of Athéna Gervais' death, the discounted price of sugary alcoholic drinks in Quebec was as low as \$0.74 per standard serving, which is far below the recommended reference price of \$1.71 per standard serving.

In Canada, it is generally accepted that the economic availability, as well as the physical availability—that is, the number of points of purchase and their days and hours of operation—of alcoholic drinks are the responsibility of the provincial and territorial governments. However, via its excise tax, the federal government has the power to ensure that alcohol, including highly sweetened alcoholic beverages, is not sold at reduced prices. Until now, sweetened alcoholic beverages, which are produced through the fermentation of malt, have been taxed as though they were beer, which among all alcoholic beverages is the one with lowest tax. If sweetened alcoholic beverages were produced from spirits, their sale price would be higher. It is worth remembering that under the *Food and Drugs Act*, alcohol products are subject to the specific requirements of their manufacturing methods. This means that Health Canada could impose manufacturing methods on producers of highly sweetened alcoholic beverages.

## Recommendation

To limit the consumption of highly sweetened alcoholic beverages and simultaneously address the two most important factors that determine alcohol consumption and its associated issues—economic availability and physical availability—**CCSA recommends that Health Canada require the manufacturers of alcoholic beverages having a sweetness threshold of more than 5% manufacture their products from ethyl alcohol rather than alcohol obtained from the fermentation of malt.**

The adoption of such a regulation would have the following effects:

1. Were they to be manufactured from ethyl alcohol rather than malt alcohol, highly sweetened alcoholic beverages would automatically be subject to the excise duties imposed on spirits rather than those imposed on beer. For example, as of April 1, 2018, a 568 ml can of FCKDUP made from 11.9% ethyl alcohol would be subject to a tax of \$0.82 per can rather than the current malt alcohol tax of \$0.18.<sup>2</sup> In other words, their economic availability would be reduced.
2. Were they to be manufactured from ethyl alcohol rather than malt alcohol, sugary alcoholic beverages could not be sold in convenience stores (*dépanneurs*) or grocery stores. They would only be available at publicly owned outlets like the LCBO in Ontario and the SAQ in Quebec. As a result, their physical availability would be significantly restricted.
3. By adopting the sweetness threshold as the determining criterion for the type of alcohol to use in the production of highly sweetened alcoholic beverages, Health Canada would guarantee that the new *Food and Drug Regulations* would apply exclusively to highly sweetened alcoholic beverages and would not impact other product categories such as cider and strong beer.

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<sup>2</sup>Calculations are based on Canada Revenue Agency's rates of excise duty, which are \$12.109 per litre for spirits containing more than 7% of absolute ethyl alcohol by volume and \$32.32 per hectolitre for malt products containing more than 2.5% of absolute ethyl alcohol by volume. <https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/edrates-excise-duty-rates/excise-duty-rates.html>.

In accordance with the type of alcohol, the tax is calculated as follows: Beer: 0.568 litre x \$0.3232 = \$0.1836; Spirits: 0.568 litre x 0.119% alcohol x \$12.109 = \$0.8185



The idea of placing highly sweetened alcoholic beverages in a higher taxation category has been explored and in some cases implemented in other regions of the world, notably Australia, Germany, the United Kingdom and Switzerland, as well as the states of California, Maine and Utah. These jurisdictions justified their decision using two core arguments (Schivera, 2010). First, highly sweetened alcoholic beverages are not, in fact, beer, and classifying them as such exempts manufacturers from the proper application of the excise tax. Second, highly sweetened alcoholic beverages intentionally target young consumers; therefore, higher taxes would serve as a deterrent to young people who are particularly sensitive to the price of alcohol.

In countries where data is available, results suggest that following the reclassification of highly sweetened alcoholic beverages as spirits, the consumption of these products was significantly reduced. Once the new tax was adopted in Australia, the Australian Drug Foundation announced a 28% drop in the sales of these products<sup>3</sup>, while in the United Kingdom, after highly sweetened alcoholic beverages were correctly classified as distilled spirits, the price of these products increased dramatically and sales dropped 43% over four years.

## **Alcohol Sales from a Health and Safety Perspective**

The CCSA would like to take the opportunity presented by this consultation to issue a reminder that alcohol is no ordinary commodity. In June, CCSA and the Canadian Institute for Substance Use Research will release a report on Canadian substance use costs and harms that will reveal that alcohol-related costs are now higher than the costs associated with all other substances, including tobacco. This illustrates that alcohol be made available in a responsible and ethical manner, whenever possible, in order to reduce alcohol consumption and its associated problems. To accomplish this, the CCSA proposes that three distinct areas be addressed by the government: the advertising of alcoholic beverages, the labelling of alcohol beverages, and the National Alcohol Strategy.

### **Advertising of Alcoholic Beverages**

It is well documented that the advertising of alcoholic beverages through traditional media influences the consumption of alcohol, particularly among young people. Over the past few years, the industry has turned to social media, where content is “user-generated” and therefore more effective because it gives the impression that it was produced by a “real person” (Weaver, Wright, Dietze, & Lim, 2016).

Currently in Canada, the only code governing the advertising of alcoholic beverages is the CRTC code, which appears to be outdated and somewhat obsolete, having last been updated in 1996. In fact, advertising on web platforms lightly violates CRTC rules (April et al., 2018). A recent study by the University of Victoria found that on the Facebook and Instagram pages of the most popular student bars an average of seven of the 17 CRTC rules were violated (Goatley, Paradis, Stockwell, & Zhao, 2017).

To protect young consumers, there is an urgent need to review Canada's regulations respecting the promotion and advertising of alcohol, as well as their enforcement.

### **The Labelling of Alcoholic Beverages**

There is a broad consensus that nutrition information should be provided on a wider range of food products (genannt Bonsmann & Wills, 2012), including alcoholic beverages (Strategic Counsel, 2011).

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<sup>3</sup>Press Release, Australian Drug Foundation, Latest Figures Prove Alcopop Tax Is Hitting Home (Mar. 8, 2009) [hereinafter Australian Drug Foundation], available at <http://www.accessmylibrary.com/article-IGI-195110735/media-release-australian-drug.htm>.



For the sake of their health and safety, people should know how many drinks they are consuming. There is clear evidence that the ability of most drinkers to monitor their consumption is compromised with present labelling (i.e., percentage of alcohol by volume). Were Canada to proceed with the labelling of alcoholic beverages, standard drink labels could help consumers overcome the challenge of accurately monitoring their consumption in terms of standard drinks. Such labelling would contribute to a culture of moderation because the labels would supplement other interventions of proven effectiveness that require the monitoring of personal alcohol intake.

In order to help consumers estimate their alcohol intake and be aware of the nutrient value, including the number of calories, of the alcoholic beverages they consume, there is an urgent need to review the way alcoholic beverages are labelled.

### ***Updating the National Alcohol Strategy***

Reducing alcohol-related harm in Canada requires a collaborative, multi-faceted and long-term approach. The approach needs to promote evidence-informed policies and practices, and to deploy social marketing, community education, regulation and enforcement activities, as well as other tactics.

To address this need, in 2007 CCSA partnered with Health Canada and the Alberta Alcohol and Drug Abuse Commission to co-chair an expert working group of 25 members from federal and provincial governments, national not-for-profit organizations, First Nations and Inuit organizations, academia, and the tourism and alcohol industries to develop 41 recommendations for a national alcohol strategy. Several initiatives stemming from these recommendations have been completed while others are currently underway. Nevertheless, eleven years have passed since the strategy was developed, and in light of the most recent evidence, it would be desirable for all partners, including Health Canada, to pursue their involvement and invest in updating the strategy.

### **Conclusion**

CCSA recommends that the physical and economic availability of highly sweetened alcoholic beverages be restricted through amendments to the *Food and Drugs Act* or by requiring that these beverages be produced from ethyl alcohol and classified as spirits rather than beer.

From a broader perspective of protecting the health and safety of Canadians, CCSA also proposes that the regulations governing the advertising and labelling of alcoholic beverages be reviewed and that the National Alcohol Strategy be updated.

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