EuroHealthNet blog

Estonia Approves Sugary Drinks Tax, Effective 2026

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The Estonian government has approved a bill introducing a tax on sugary drinks, set to take effect in 2026 pending approval by the Riigikogu, the Estonian parliament. This legislative move, commonly referred to as a "lemonade tax," aims to address public health concerns related to obesity, NCDs and their associated economic costs and is the culmination of over ten years of efforts by public health advocates.

Estonia began considering a tax on sugar-sweetened beverages (SSBs) in 2015 with the development of a green paper on policy options for addressing obesity. The prospect of an SSB tax gained traction in 2016 with a change in government, leading to draft stages and parliamentary approval. However, the bill was ultimately rejected by the President in 2017.

During this initial attempt, roundtable discussions were heavily influenced by industry voices and the co-opting of health partners, says Kristina Köhler, Liaison Officer for the World Health Organization (WHO) country office in Estonia.

However, the more recent attempt in February 2024, led by the Ministry of Social Affairs, prioritized involving health stakeholders in the policy dialogue process: “What was different is that this time more healthcare organizations were invited. So [WHO Estonia] was invited. Family physicians, paediatricians, nurses, health promotion organisations, dentists’ organisations, meaning that healthcare partners were also invited to this roundtable and discussion– not only [the food and beverage] industry.”

A carefully managed dialogue process, aided by the use of the WHO Policy Dialogue Tool, helped ensure an orderly discussion, with pre-allocated seating and strict time limits for presentations. Only umbrella organizations were allowed to present arguments, and only new points could be presented, curbing disproportionate industry representation.

The food and beverage industry mounted a significant campaign against the draft tax, employing strategies such as public relations (PR) campaigns, negative opinion polls, and articles opposing the tax. They leveraged claims of job losses, industry bankruptcy, illegal trade, cross border shopping, and ineffective results from similar taxes in other countries. Additionally, industry representatives sought to shift the focus from SSBs and related non-communicable diseases (NCDs) to other factors like physical activity rates. Legal arguments regarding the tax's constitutionality were also presented.

Despite this strong opposition, and thanks to strong economic modelling, the bill has progressed through draft stages and is set to be implemented in 2026, with projections indicating it will generate approximately €25 million for the state budget in its first year.

The approval of the sugary drinks tax marks a significant step in Estonia's efforts to curb obesity and NCDs and improve public health. The strategic approach of the Ministry of Social Affairs, coupled with effective coalition building and structured policy dialogue, played a crucial role in advancing the bill. Estonia's experience highlights the importance of structured dialogue and stakeholder collaboration in public health policymaking, providing valuable lessons for similar initiatives worldwide.

Key Provisions of the Tax

The sugary drinks tax will be applied when beverages are first introduced to the Estonian market, with the tax payable by importers, purchasers from other EU member states, or Estonian producers. The tax extends to beverages sweetened with artificial sweeteners to prevent manufacturers from substituting sugar with these substances.

Exemptions include:

- Beverages and preparations classified as food supplements.
- Fruit, berry, and vegetable juices without added sugar or sweeteners.
- Milk and dairy products, plant-based milk alternatives.
- Alcohol as defined by the Alcohol Act.
- Medicines and sweetened beverages used in medicine production and preparation.
- Sweetened beverages prepared and sold for immediate consumption on-site without packaging.
- Food intended for medical use and daily diet supplements aimed at weight loss.

The tax rates will vary depending on the sugar content, including syrup-type drinks diluted before consumption.