



SIPTU

**Sugar Sweetened Drinks Tax
Response to Public Consultation**

**Policy Research Unit
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1. Efficacy of a Sugar Sweetened Drinks (SSD) Tax

The World Health Organisation (WHO) and other institutions and individuals with expertise in the wider health promotional field now strongly advocate for a tax of this nature. Its efficacy as a health promotional tool is disputed by a number of food industry organisations in Europe and internationally. Empirical evidence to support such a measure is as of yet extremely limited. One thing that is clear is that it will not, in isolation, serve as some kind of “silver bullet” solution to growing obesity levels. It might make a contribution if, but only if, implemented as one individual component of a comprehensive holistic approach. Consequently, there is a real danger that it will become a political “fig leaf” as an alternative to the scale of integrated measures required. The European Federation of Food, Agriculture and Tourism Trade Unions (EFFAT) have developed a comprehensive policy on the issue (copy appended).

2. “Stealth Tax”

The Department of Health acknowledges, in its own proposal, that expenditure on SSDs absorbs a higher proportion of the income of poorer families. Consequently it goes without saying that any tax of the nature proposed will mitigate against the less well off, in the short term at least. Accordingly there is a very real danger it will simply be seen as another “stealth tax”. This will be especially true if it is implemented in isolation from the whole range of measures required in the formulation of a comprehensive holistic strategy to combat obesity. In the circumstances, if the Government is determined to go ahead with it in isolation, it is crucially important that any revenues generated are hypothecated to fund some initiative which clearly and visibly assists low income families. As pointed out in the Department of Health proposal, additional revenues yielded from the tax on tobacco sales are deployed to assist in the funding of the cardiovascular strategy in the Health Service. However, this is not generally understood by the wider public.

3. Employment Implications

There are negative employment implications of any targeted dis-incentivising tax measure, especially given the scale of the proposal. The jobs that will be affected are of good quality in manufacturing and distribution. They are already under pressure as a result of the implications of Brexit. In the circumstances it is absolutely imperative that if the tax is to be imposed, it does not place domestic bottlers at a disadvantage viz a vis competitors from abroad. In this regard it is questionable that the method proposed for the administration of the tax at set out at Clause 2.3 of the Public Consultation Paper will not discriminate to the detriment of domestic employment. On the face of it, it would seem to make far more sense to collect it at the level of the retailer so that it would apply equally on all products affected irrespective of their origin.

The imposition of a tax of a similar kind in the UK as adverted to in Clause 2.2 of the consultation document does little or nothing to offer reassurance in respect of this concern. In the absence of a suitable deployment of the revenues collected to directly assist low income families, one possible way of alleviating the threat to domestic employment would be to hypothecate them to grant aid research and development of new health friendlier products in the industry.

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EFFAT POSITION ON FOOD TAXES

Introduction

Some EU Member States have recently introduced specific taxes that allegedly aim to discourage the consumption of certain foods and food ingredients, such as sugar, animal fat, artificial sweeteners, sparkling drinks, fast food and pastry. Other Member States are considering introducing similar taxes. EU governments have so far justified these measures as a way to curb the consumption of food they consider to be unhealthy and to promote more balanced diets in the wake of the growing number of overweight or obese EU citizens (between 8% and 25% of the adult population¹).

1. Food in the EU today is safer, of higher quality and healthier than ever before

Food and drinks produced in the EU have never been as safe, as healthy or of such high quality as they are today. All actors throughout the supply chain – including the EU food and drink industry, farmers, retailers, trade unions, consumers and non-governmental organisations – have already made a lot of progress in ensuring that food and drinks available to EU consumers are safe, healthy and of high quality.

The issue of health and nutrition is high on the agenda of EU food and drink producers and is seen as an opportunity to tap into a new market. Many products have already been reformulated to meet consumers' demands for lighter versions and single portion sizes have been reduced. Nutritional information given to consumers is now much more accessible and clear and food and drink product advertising, especially that targeting children and teenagers, has become more responsible.

However, further steps should be taken to ensure that all EU food and drinks meet high standards both for those who consume and produce them as well as for the

¹ 'Among the 19 Member States for which data are available, the proportion of obese people in the adult population varied in 2008/9 between 8.0% and 23.9% for women and between 7.6% and 24.7% for men. In the USA, the corresponding figure was 26.8% for women and 27.6% for men in 2009.

For both women and men aged 18 years and over, the lowest shares of obesity in 2008/9 were observed in Romania (8.0% for women and 7.6% for men), Italy (9.3% and 11.3%), Bulgaria (11.3% and 11.6%) and France (12.7% and 11.7%). The highest proportions of obese women were recorded in the United Kingdom (23.9%), Malta (21.1%), Latvia (20.9%) and Estonia (20.5% in 2006/7), and of men in Malta (24.7%), the United Kingdom (22.1%), Hungary (21.4%) and the Czech Republic (18.4%)', from *Eurostat Newsrelease 172/2011 - 24 November 2011*, http://epp.eurostat.ec.europa.eu/cache/ITY_PUBLIC/3-24112011-BP/EN/3-24112011-BP-EN.PDF.



environment, especially concerning the labelling of certain substances used to develop products and packaging (such as nanomaterials), the traceability of the origin of food and ingredients, responsible, non-misleading consumer marketing – notably regarding health claims – and the social conditions under which the food is produced (so-called ‘social labelling’).

2. Trade unions call for a responsible EU food and drink industry to be a leader in the provision of healthy, nutritious and affordable food to EU consumers

While it is clear that the state (in the form of educational campaigns) and consumers themselves must be actively involved in and committed to preventing diet-related diseases, the food and drink industry also has a responsibility to sell products that are not only safe and tasty to eat, but also contribute to the health and nutrition of consumers. The food industry can fulfil this responsibility by developing, producing and promoting food that forms part of a balanced diet. This responsibility is also part of the industry’s role as a player committed to corporate social responsibility within society, since food is primarily a necessity for a healthy life rather than a mere product or a ‘treat’.

The health and nutrition agenda represents a positive opportunity for the food and drink industry and its employees: through reformulation, innovation and diversification, the industry can offer products that fulfil society’s demand for access to healthy, nutritious and affordable food, thus paving the way for the industry’s long-term viability, competitiveness and sustainability. This approach can have a positive impact on employment by opening up new research, production and distribution opportunities. Reformulated, lighter and new food products that can easily fit with a healthy diet are increasingly available on supermarket shelves but they are often unaffordable or inaccessible for the average consumer.

Food and drink industry employees support a responsible food industry and wish to contribute to a healthier and more sustainable EU. Employees in the food and drink industry feel they share this responsibility and call on the industry to continue to prioritise health and nutrition, commit adequate resources and be proactively involved in such an agenda. They also favour a system that empowers consumers to make their own balanced food choices and lead healthy lifestyles.



3. The link between diet, lifestyle, social conditions and non-communicable diseases

Alongside other key factors, such as individual food choices and the consumer's ability to stick to a balanced diet and healthy lifestyle, food and drinks are a key component and determinant of consumers' health. As such, they play an important role in the prevention of non-communicable diseases such as obesity, diabetes, cardiovascular diseases, tooth decay, osteoarthritis and osteoporosis, metabolic syndrome, certain cancers and psychological disorders².

For centuries, malnutrition has posed the greatest food-related challenge to public health. At a time when poverty and social exclusion in the EU is growing, access to a balanced diet has emerged as one such challenge. Trade unions in the food and drink industry are all concerned by the fact that an increasing proportion of the EU population is overweight or obese and suffers from non-communicable diseases, and recognise the social, health and economic burden that such diseases pose to individuals, communities and society as a whole.

4. A holistic approach, not taxes on food, is needed to promote better nutrition and active lifestyles

Some foods contain more fat, sugar, salt and calories than others (some foods have none at all). Many consumers enjoy these products because they view food not only as a necessary source of nutrition but also as one of pleasure, enjoyment and tradition and associate it with social events. There is no question that food also has a psychological dimension, not just a physiological one, and this must be taken into account in any public health strategy.

An approach based on penalising certain food products through taxation instead of successfully confronting the challenge of disseminating information about nutrition and prompting EU citizens to change their lifestyles will be short-sighted and miss the point. The effects of food taxation in making significant changes to peoples' dietary habits in the long run have so far been generally inconclusive³. Food taxes are also regressive, as they place an additional economic burden on disadvantaged and low-income population groups. This is even more apparent in those countries that increased VAT levels as a

² 2003, WHO-FAO Report, *'Diet, Nutrition and the Prevention of Chronic Diseases'* http://whqlibdoc.who.int/trs/who_trs_916.pdf

³ S. A. French, *'Pricing Effects on Food Choices'*, *The Journal of Nutrition*, 2003.



consequence of the crisis such as Spain: these countries have seen consumption levels drop even further and consumer choice shift from branded products and quality retailers to private labels and big discounters. Finally, food taxes are applied in a discriminatory way, as they target certain food products and ingredients and not others that are comparable or equivalent in – for instance – sugar or fat content but are found in products that are commonly deemed healthier, such as a yoghurt vs. a chocolate bar.

EU food and drink trade unions support a holistic approach to tackling diet and lifestyle-related health issues through a set of initiatives targeting different aspects involving governments, industry and society. These initiatives must incorporate educating consumers on nutrition and active lifestyles from a young age, making product information easier to understand, providing responsible, honest advertising and promotional offers, recreating, researching and redeveloping new healthy, nutritious, sustainable and tasty products, supporting people with eating disorders, and reducing portion sizes and caloric value of single portions, particularly where fast food, canteens and convenience food are concerned.

Finally, it shall not be forgotten that some chronic non-communicable diseases are also linked to environmental hazards, such as the presence of chemical pesticides, fertilisers, pollutants, endocrine disruptors and other substances derived from the use of synthetic compounds in the growing, processing and packaging of food and food ingredients. A holistic approach in fighting the spread of non-communicable diseases should successfully tackle these challenges as well in an integrated, not exclusive, fashion.

5. Removing economic, social and cultural barriers to better nutrition and active lifestyles

Social background, level of education, income and inequality are some of the major factors that determine a person's health, including in the case of diet and lifestyle-related health issues. Therefore, a successful holistic approach should provide for initiatives and actions that aim to remove structural, economic and social obstacles to healthy nutrition.

Such initiatives should include securing access to fresh fruit and vegetables and encouraging consumers in low-income, disadvantaged areas to incorporate them into their diet, promoting affordable prices relative to consumer income, encouraging active lifestyles (especially among those who can barely afford it) and taking account of the work/life balance to allow people to eat at proper hours and do their own cooking.

EFFAT affiliates note that food workers are often among those who encounter such obstacles because of precarious working conditions, low wages and little access to



education on matters of dietary health and nutrition. Quality working conditions are linked to the production of quality food and to better health outcomes for workers. Indeed, a key aspect to tackle in order to remove such access barriers is precisely the establishment of fairer relations among the actors of the food supply chain, so that food prices better reflect their real cost and that gains are better distributed among the actors – including workers – rather than concentrated in the hands of a few powerful actors.

6. Preserving and valuing traditional EU food, drinks and habits

Several of the ingredients and foodstuffs targeted by the recent food taxes are to be found in many traditional food products which are deeply entrenched in the heritage and culture of EU citizens. Furthermore, many spirits and wines, pastries and sweets, salami and ham, cheese and butter, and so on, are produced under controlled and/or denominated origin specifications that represent a premium in the food and drink market, both within the EU and around the world. Governments should consider this aspect and opt for a more comprehensive, holistic approach to promoting better diets and active lifestyles.

7. Cooperation among all the actors of the EU food and drink supply chain for better nutrition and healthier lifestyles.

A successful holistic approach to preventing diet-related, non-transmissible diseases requires the cooperation of actors who intervene in the food chain, including farmers, the food industry, retailers, restaurants and catering companies, trade unions and consumers, EU, national and local public institutions and schools.

In this sense, the following initiatives could be undertaken:

- Inclusion of trade unions and social partners in national and EU Platforms for Action on Diet, Physical Activity and Health
- Nutrition, health and active lifestyle information and workshop initiatives in schools and neighbourhoods, funded through public-private partnerships
- Vary the availability of food in public canteens, promoting the integration of fresh fruit and vegetables in daily diets
- Secure the presence of a balanced, nutritious and affordable choice of food through fresh markets, retailers and networks of local producers
- Engage in good faith bargaining with trade unions over decent employment and fair pay for food workers and strive to mitigate the negative social effects – including those on diets and nutrition - of precarious work along the food supply chain



EFFAT EUROPEAN FEDERATION OF FOOD, AGRICULTURE AND TOURISM TRADE UNIONS

- Set up an effective mechanism to bring fairness and enhance price transparency along the different actors of the food supply chain
- Reformulate existing products in a lighter, lower calorie and higher nutrition version, while ensuring their affordability for the average and the low-income consumer
- Involve worker representatives in R&D and innovation food industry working groups
- Improve consumer access to clear, understandable information on the nutritional value of a product, also through digital and electronic technology
- Secure traceability of food products in terms of place of origin, social conditions, animal or plant species, presence of manufactured nanomaterials or other artificial compounds
- Privilege short, local and regional food supply chains with lower CO2 and pesticide footprints over global ones
- Including information and training on nutrition and active lifestyles in the local, national and European works councils of companies as a key health and agenda safety item.

EFFAT is the European Trade Union Confederation representing 2.6 million workers through 120 national trade unions from 35 European countries employed in the food processing, agriculture, tobacco, hotel, catering and tourism industries across the EU.