



A holistic approach to tackling obesity and NCDs in the EU

Conference “Food industry and getting Estonia into shape: What works and what doesn’t?”

Tallinn, 14 March 2017

Agenda

1. Introduction to the EU food and drink sector
2. The context: nutrition and health in the EU
3. Food taxes – what do we know today?
4. Actions by the European food and drink sector
5. Conclusions

1. Introduction to the EU Food and Drink Sector

The EU food and drink industry

EU FOOD AND DRINK INDUSTRY FIGURES

TURNOVER

€1,089 billion

Largest manufacturing sector in the EU

VALUE ADDED

1.8%

of EU gross value added (GVA)

CONSUMPTION

14%

of household expenditure on food and drink products

EMPLOYMENT

4.25 million people

Leading employer in the EU

NUMBER OF COMPANIES

289,000

SMEs

49.5%

of food and drink turnover

62.8%

of food and drink employment

EXTERNAL TRADE

€98.1 billion

Exports

€72.9 billion

Imports

€25.2 billion

Trade balance

17.8%

EU share of global exports

R&D EXPENDITURE

€2.5 billion

Sources: Eurostat; UN COMTRADE; JRC

The national picture

Food and drink industry data as published by FoodDrinkEurope National Federations¹ (2014)

	Employment ranking in manufacturing	Turnover (€ billion)	Value added (€ billion)	Number of employees (1,000)	Number of companies
Austria	-	22	5.1	82.6	3,872
Belgium	1	48	7.6	88.5	4,532
Bulgaria	2	4.9	0.9	94.7	5,963
Croatia ²	1	5.1	4.7	37.7	2,970
Czech Republic	4	11.6	1.9	92.4	7,538
Denmark	2	25.8	4.3	44.8	1,589
Estonia	2	1.9	0.4	15.1	525
Finland ²	3	11.2	2.7	38	1,700
France	1	184.5	36.2	619.5	62,225
Germany ³	3	172.2	35.2	559.8	5,828
Greece ⁴	1	14.5	2	86.4	1,330
Hungary	2	11.2	1.9	99.8	6,700
Ireland ⁵	1	26.4	7.1	39.2	607
Italy	3	132	27	385	54,931
Latvia	1	1.8	0.4	25.8	1,003
Lithuania	1	4.2	0.7	42.5	1,601
Netherlands	1	68.8	10.9	126.3	5,639
Poland	1	49.5	10.6	423.8	14,625
Portugal	1	14.9	2.7	104.3	10,807
Romania	1	11.1	-	178.9	8,798
Slovakia ³	3	3.8	0.7	28.1	268
Slovenia	3	2.2	0.5	16	2,160
Spain	1	93.4	28	479.8	28,343
Sweden	4	18.4	4.3	54	3,965
United Kingdom	1	120.9	33.4	415	6,360

¹ Or by Eurostat (SBS)

² 2015 data except for turnover

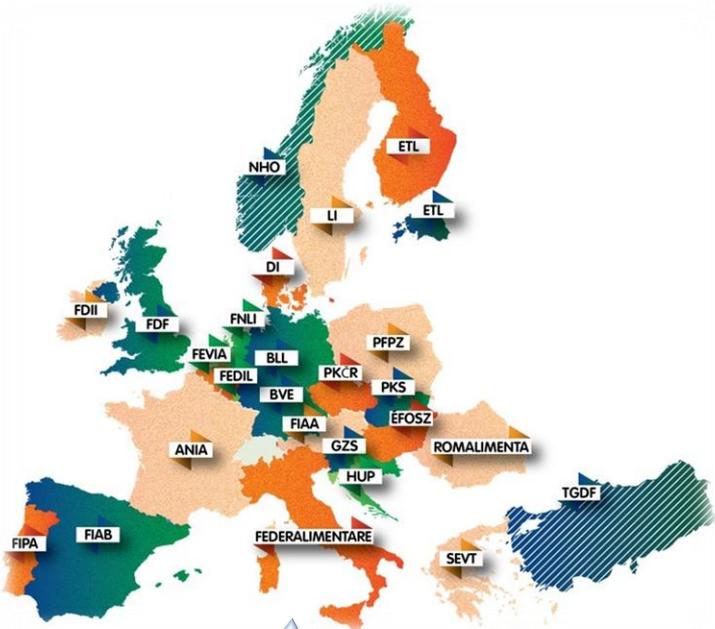
³ Companies with more than 20 employees

⁴ Small food and drink producers excluded

⁵ 2012 data

FoodDrinkEurope Membership

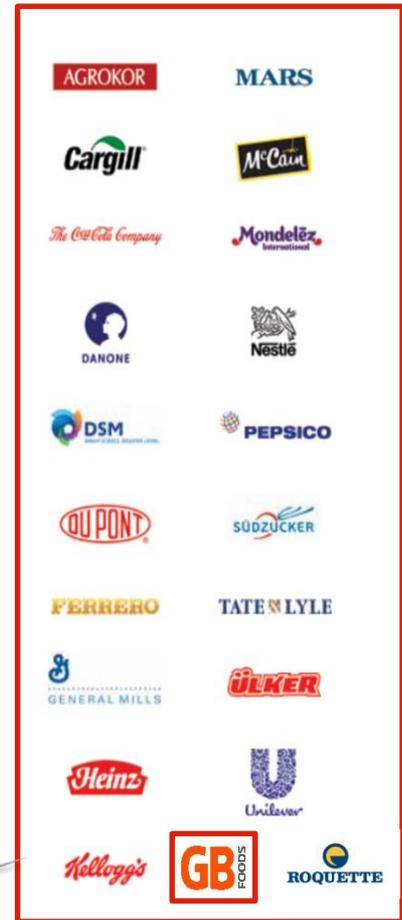
27 EU Sector Associations



25 National Federations (incl. 2 observers)

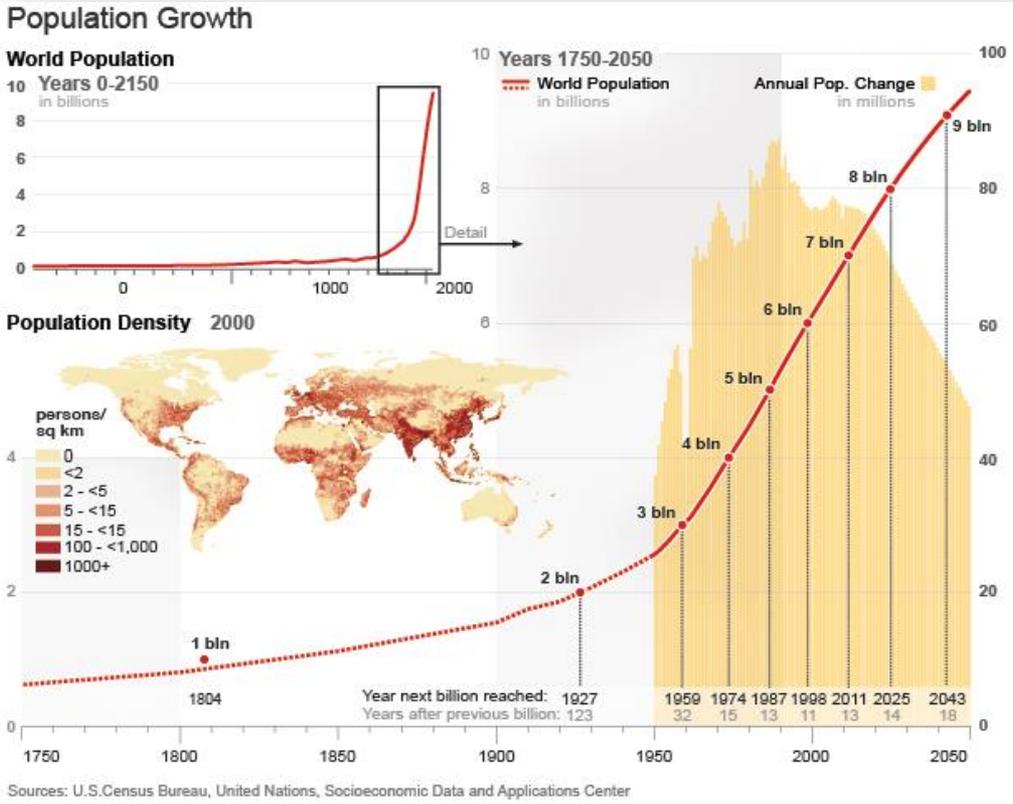


21 Liaison Companies

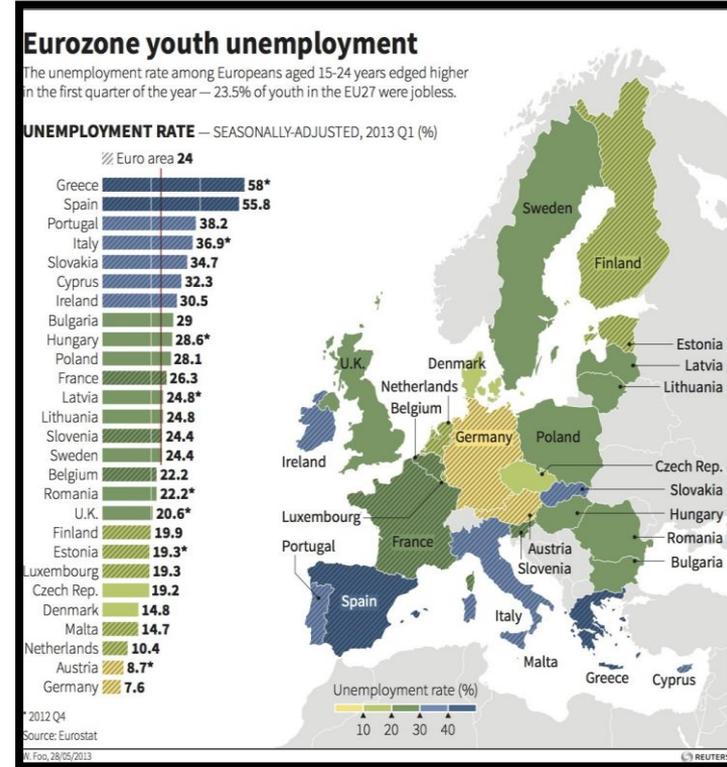
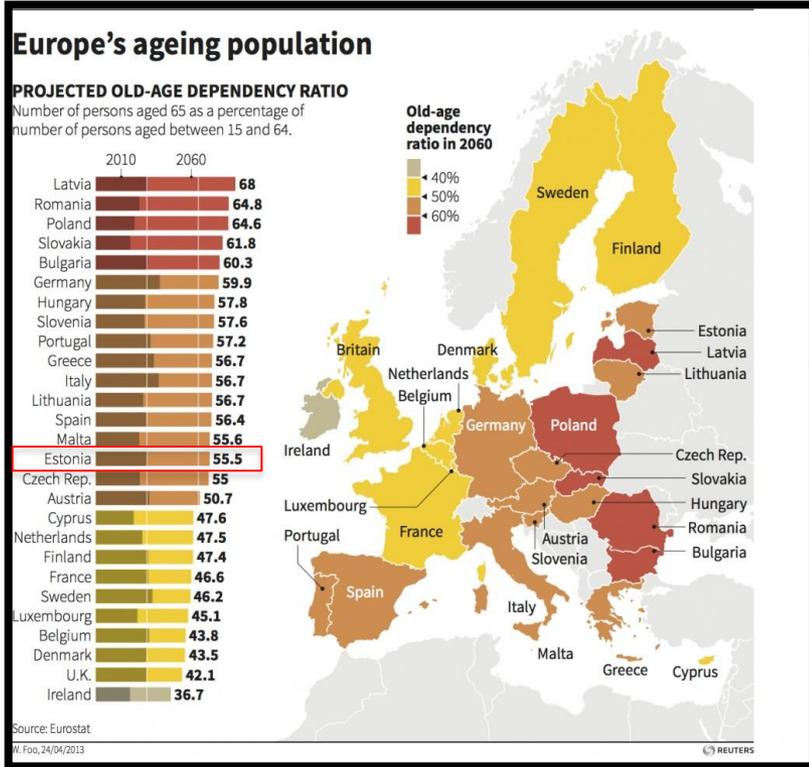


2. The context: nutrition and health in the EU

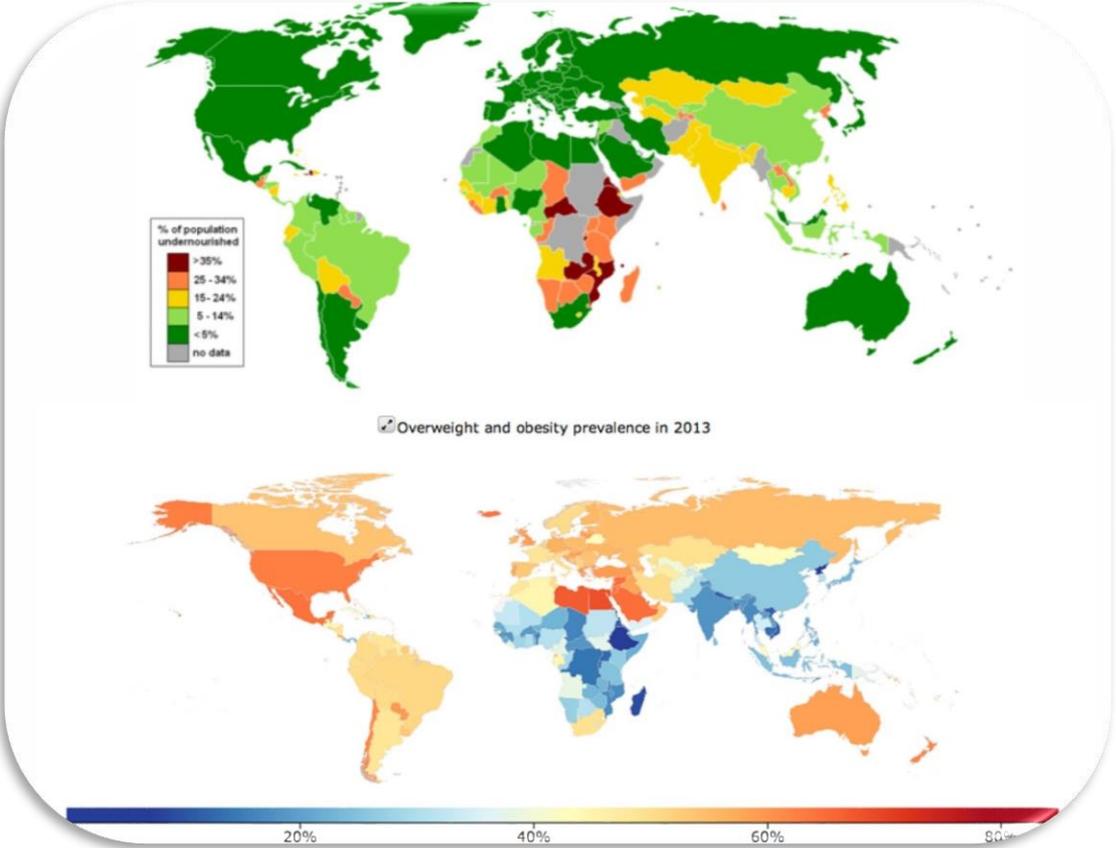
Global population growth



An ageing European population

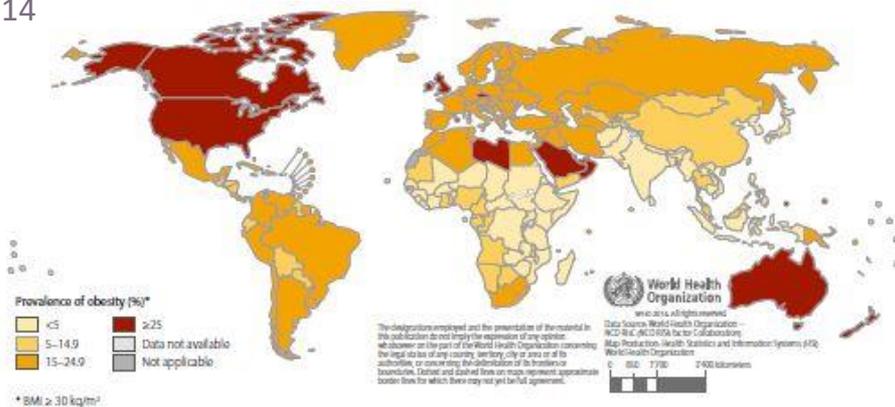


Global double burden of NCDs

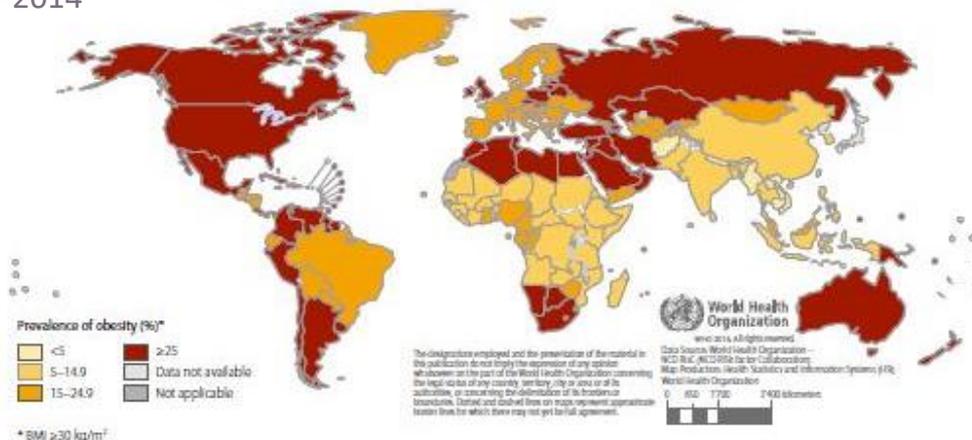


Obesity prevalence in adults

Age standardized prevalence of obesity in men aged 18 years and over, 2014



Age standardized prevalence of obesity in women aged 18 years and over, 2014



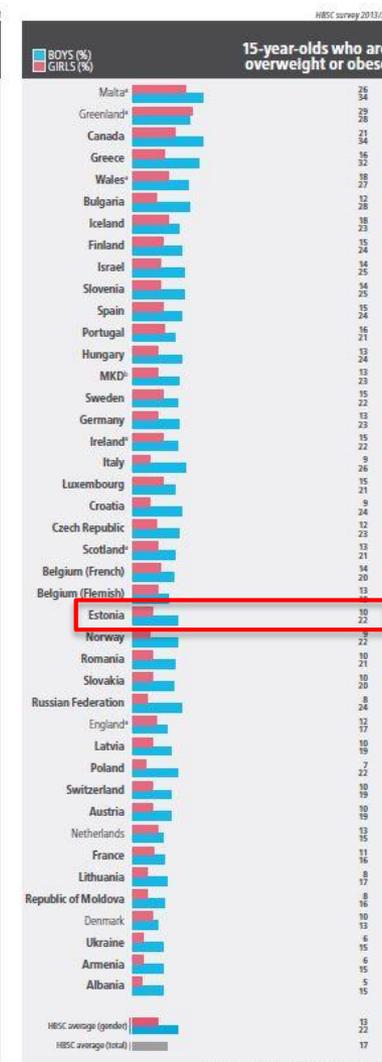
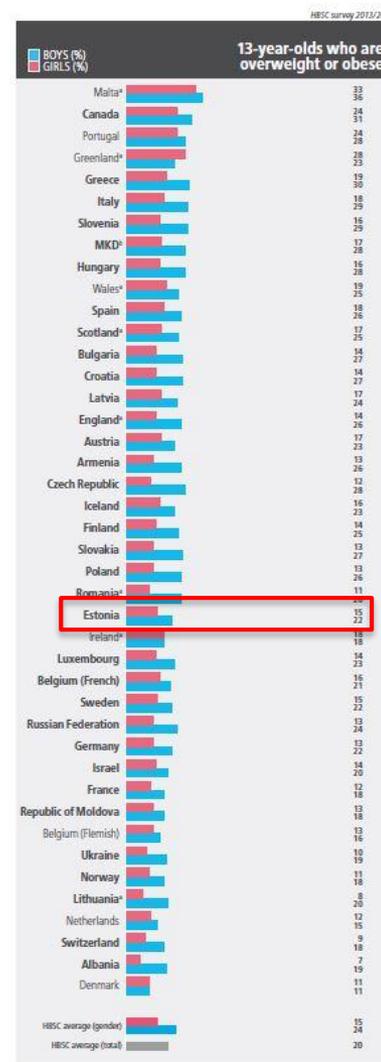
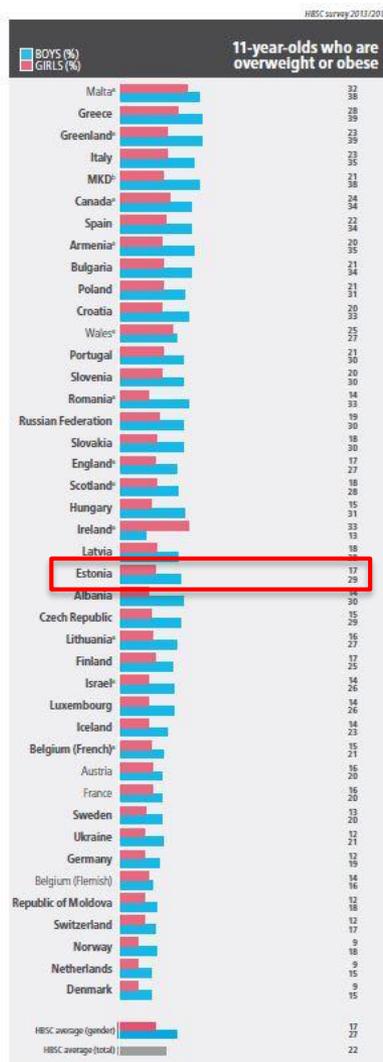
Obesity prevalence in children

In the WHO European Region

1 in 3 11-year-olds is **overweight or obese**



According to estimates from the WHO's Childhood Obesity Surveillance Initiative (COSI), around 1 in 3 children in the EU aged 6-9 years old were overweight or obese in 2010.



*BMI is missing for more than 30% of age group sample.
*The former Yugoslav Republic of Macedonia.

Note: Indicates significant gender difference (at p<0.05).

Health behavior in school-aged children (HBSC) Study, 2013/2014 survey

Some 'encouraging' trends

Estudio de Vigilancia del Crecimiento, Alimentación, Actividad Física, Desarrollo Infantil y Obesidad en España. 2015

Se ha producido una disminución estadísticamente significativa en la prevalencia de sobrepeso en niños y niñas de 6 a 9 años. La prevalencias de obesidad se hallan estabilizadas tanto en niños como en niñas. Por lo tanto, parece que la tendencia temporal del exceso de peso en niñas y niños de 6 a 9 años en España es en la actualidad decreciente. Esta tendencia confirmarse con posteriores recogidas de información.

Stable prevalence of obesity in Swedish schoolchildren from 2008 to 2013 but widening socio-economic gap in girls

Lotta Moraeus¹, Lauren Lissner¹, Agneta Sjöberg (agneta.sjoberg@gu.se)²

Declining prevalence rates for overweight and obesity in German children starting school

Anja Moss · Jochen Klenk · Klaus Simon · Heidrun Thaiss · Thomas Reinehr · Martin Wabitsch

Trends in prevalence of overweight and obesity: are Portuguese adolescents still increasing weight?

Adilson Marques · Margarida Gaspar de Matos

This study described the prevalence of self-reported weight status among Portuguese adolescents from 2002 to 2010. Results from the present study showed that the prevalence of normal weight, overweight, and obesity was not significantly different over the years independent of age. This suggests that the prevalence of overweight (including obesity) during this time was relatively stable. Moreover, when comparing the prevalence of overweight and obesity

AMSTERDAM CHILD OBESITY SLASHED 16 PCT. IN TWO YEARS

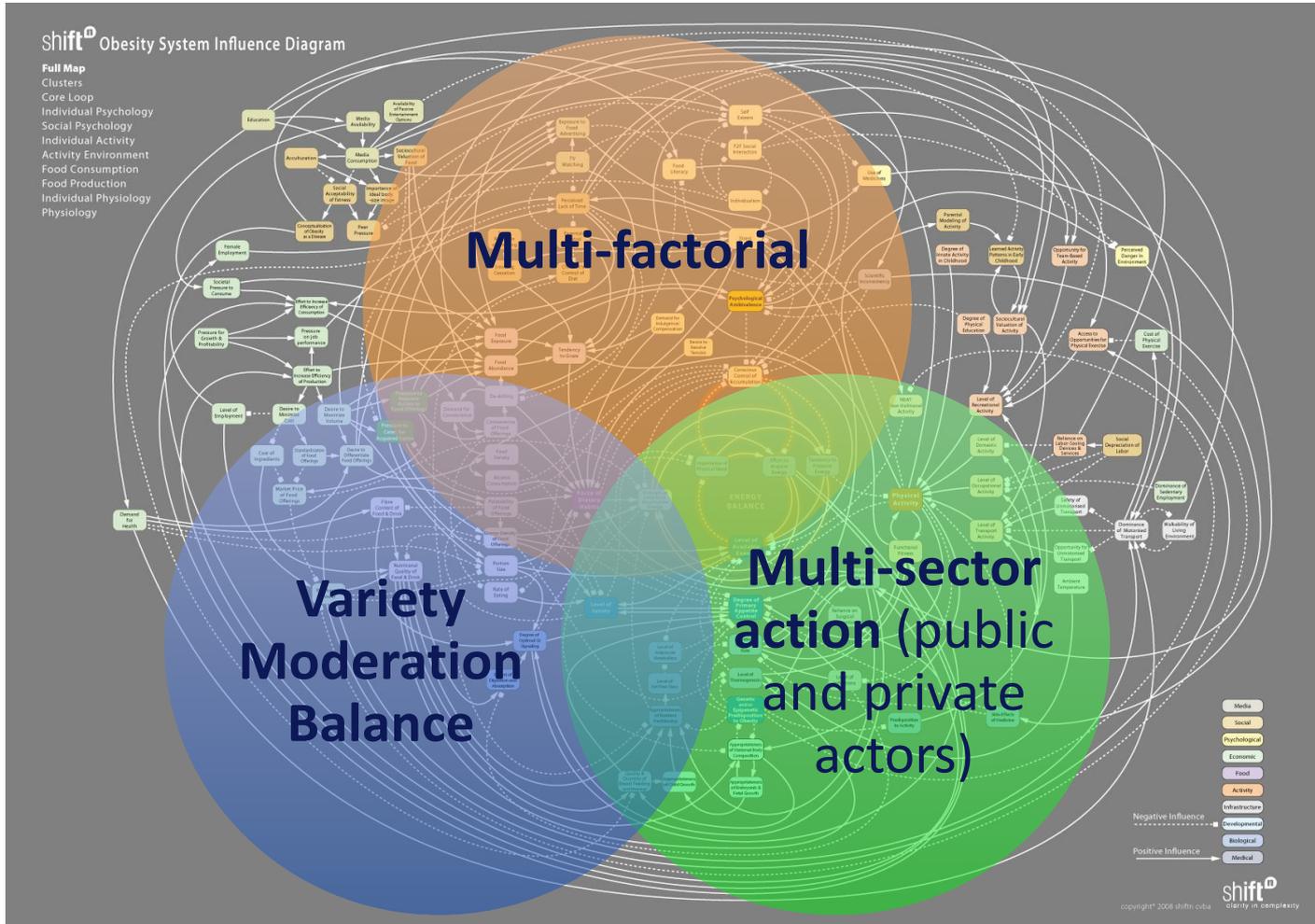
By Janene Pieters on March 20, 2015 - 13:34



Only two years after Amsterdam started its new approach to healthy weight, the first results show that there has been a decrease of 16 percent in five year old children with obesity, the municipality of Amsterdam announced in a press release today.



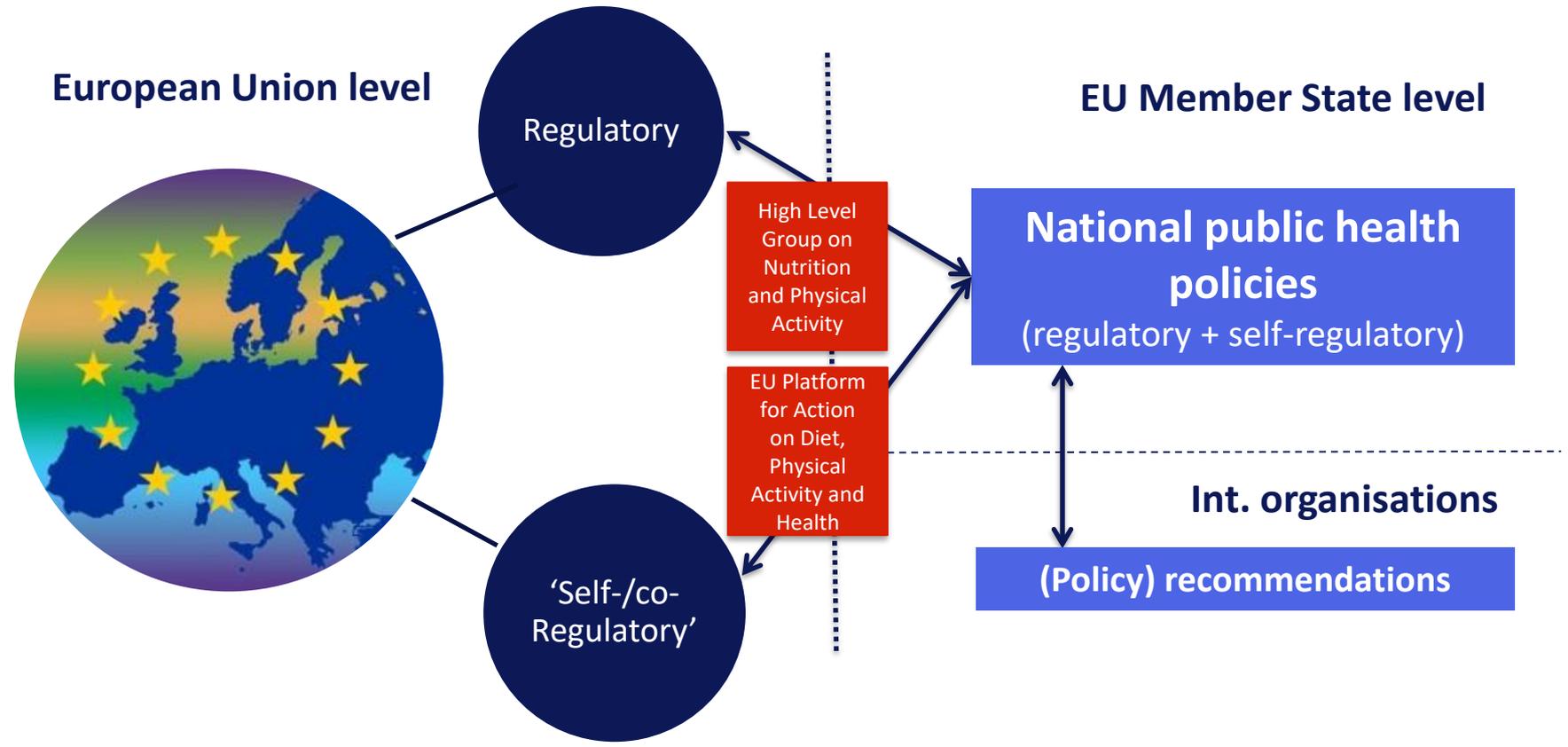
Obesity and NCDs



EU Strategy on Nutrition, Overweight and Obesity Related Health Issues

- Launched in 2007
- Based on 2004 WHO Global Strategy on Diet, Physical Activity and Health
- Health-in-all-policies, “whole-of-society”
- Unique mix of regulation and self/co-regulation
- Different levels of competences/action

EU Strategy on Nutrition, Overweight and Obesity Related Health Issues



Relevant EU Policy Documents

- EU Framework for National Initiatives on Selected Nutrients
 - Salt Framework (2008)
 - Saturated Fat Annex (2012)
 - Added Sugars Annex (2015)
- EU Action Plan on Childhood Obesity (2014)
- Council Conclusions on Food Product Improvement (2016)

3. Food taxes – what do we know today?

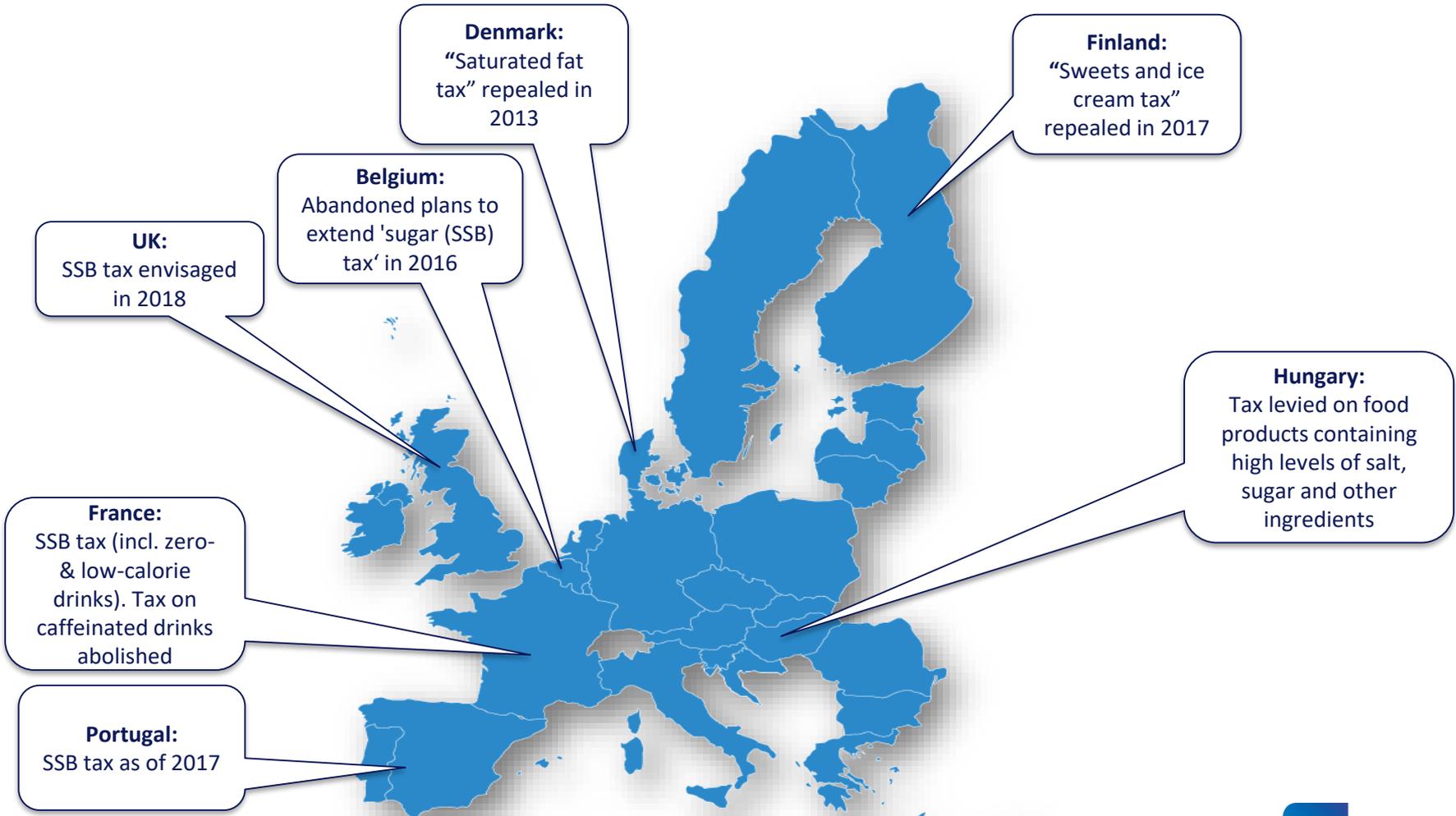
Definition of food taxes

“(Discriminatory) food taxes” are taxes/excise duties targeting individual foods or ingredients aimed at achieving set public health objectives (e.g. obesity)

VS.

Value Added Tax (VAT) on foods

Overview of food taxes in Europe



European Commission study on food taxes

- “Food taxes and their impact on competitiveness in the agri-food sector” (July, 2014)
- Undertaken in the context of the High Level Forum for a Better Functioning Food Supply Chain
- Undertaken by an independent external contractor (Ecorys)
- Impact on:
 - Consumption
 - Competitiveness, profitability, trade

Impact on consumption of taxed goods

- Increase in price = decrease in consumption (in theory)
- However:
 - Price inelasticity
 - Substitution effects (brand substitution, product substitution)
 - “[...] substitution has important implications for the total health effects of food taxes because a food tax aimed at reducing consumption of one product or ingredient, may in fact increase consumption of other products”

Impact on consumption of taxed goods

- Consumer prices:
 - No clear and uniform transmission of taxes to consumer prices (reduced margins)
 - Food taxes are regressive – hitting poorer consumers most!
- Cross-border shopping
- Impact on public health remains uncertain
 - Limitations of empirical studies (mostly broader category level data) and modelling studies (demand elasticities used to predict consumer purchase behaviour)
 - Transferability/extrapolation issues
 - Conflicting/inconclusive evidence



Impact on competitiveness, profitability, administration, trade

- Difficult to administer from a government and business point of view
 - Notably if tax is levied on ingredients (specific tax) or tax base is highly differentiated and complicated
 - Confr. DK “saturated fat tax”
- Prone to state aid/anti-trust issues (confr. FI “confectionary tax”)
- Generates investment uncertainty

Impact on competitiveness, profitability, administration, trade

- Negative impact on competitiveness at company level, particularly SMEs (confr. HU, FI)
 - *“It may be more difficult for SMEs to mitigate the impact of food taxes on profitability by means of product reformulation or increased profitability on substitute products due to their smaller product line.”*
- Trade, Single Market flows: more empirical data needed
 - *“Production often occurs in the Member States using local employment. Moreover, there are large numbers of local SMEs that manufacturers work with, mostly active in bottling, packaging, advertising and retail. Therefore food taxes can have a direct effect on local employment, as well as a trickle down effect on employment through the value chain.”*
- Not popular with employers' associations and trade unions



May 2013

Social Dialogue in the Food and Drink Industry

Joint EFFAT-FoodDrinkEurope Position on Discriminatory Food Taxes

The governments of some EU Member States have recently introduced taxes on specific food categories and food ingredients such as sugar, fat, artificial sweeteners, soft drinks, fast food and pastry. These governments have so far justified these measures as an 'effective' way to address the societal challenge of increasing rates in obesity and other diet- and lifestyle-related non-communicable diseases. However, scientific evidence proving that taxation represents an effective means of changing consumer behaviour and of successfully tackling obesity and other non-communicable disease is yet inconclusive.

The danger of food taxes

Such taxes, instead, can damage the competitiveness of EU food industries and prompt unfair competition and cross-border shopping across EU regions as they:

- are economically regressive, since they especially penalize low-income populations;
- are discriminatory, as they target certain food products and ingredients and not others comparable or equivalent in content;
- distort the functioning of the EU internal market, as they alter harmonized product formulation and standards across the EU Member states and generate uncertainty for ongoing investment plans and trade agreements putting productive operations and employment potentially at stake;



How sustainable and effective are food taxes as policy measure?

If the tax is used:

- As ‘cash-cow’ for the Treasury?
- For ‘ring-fencing’?
- As ‘incentive’ for reformulation?
- Quick fix solution to tackle obesity?



¹ Impact and costs are estimated and measured in disability-adjusted life years (DALYs) across full 2014 population in the United Kingdom. For full methodology, download the McKinsey Global Institute (MGI) discussion paper *Overcoming obesity: An initial economic analysis*, on mckinsey.com. Source: Literature review; expert interviews; MGI analysis

4. Actions by the European food and drink sector

EU food and drink industry action

- FoodDrinkEurope is founding member of the **EU Platform** for Action on Diet, Physical Activity and Health (since 2005)
- Industry recognizes **shared responsibility** to tackle obesity and NCDs
- Food industry action focuses on:
 - *Product formulation and innovation (incl. portions)*
 - *Consumer information*
 - *Responsible marketing and advertising to children*
 - *Promoting healthy lifestyles*
 - *Supporting research*
- Actions at **local, national, EU and global** level
- **(Pro-)active participation** in discussions at EU level on product reformulation (e.g. Added Sugars Annex), food information to consumers, responsible marketing and advertising, etc.



EU Platform on Diet,
Physical Activity and Health

Eat & Live Well

FOODDRINK EUROPE

Eat & Live Well
Enjoy food, today and tomorrow

What we eat and how we eat it is both a pleasure and an art. Today in Europe, we have access to a wider variety and quality of food and drinks that our grandparents could only have dreamt of. However, with our hectic modern lives, there's a lack of balance in how much we consume and the quality of our health and lifestyles.

While we want you to continue to enjoy food, today and tomorrow, we can't do it on our own. Which is why we at FoodDrinkEurope have been taking actions, with our members, partners (old & new), and stakeholders, to tackle today's societal challenges related to health and nutrition.

Discover actions ↓

- Product formulation & innovation
- Portions
- Research
- Consumer information
- Responsible marketing & advertising
- Promoting healthy lifestyles

Home | Product formulation & innovation | Portions | Research | Consumer information | Responsible marketing & advertising | Promoting healthy lifestyles

www.eatandlivewell.eu

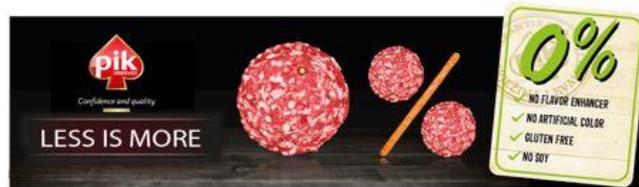
Some examples of actions

Despre SETS



Promoting healthy lifestyles

The Romanian Federation (Romalimta) run a national campaign providing information about the benefits of a balanced nutrition, daily physical activity and sports to 116,340 pupils in the primary cycle from 252 schools in five cities, to 3,000 teachers and over 200,000 parents.



Product formulation and innovation

In 2016, Agrokor launched in Croatia a whole range of meat products (over 90 products) that contain 25% less salt.

The Estonian Federation (ETL) reported on food reformulation examples by its local companies (e.g. 23% decrease of sugar content in dairy product, ketchup with 30% less salt and 40% less calories, etc.)



Consumer information

The German Federation (BLL) developed an infographic which describes the most important changes and innovations introduced by the Food Information to Consumers Regulation.



Research

DSM is a partner of the DO-HEALTH project, a clinical trial designed to support healthy aging in European seniors and to establish whether vitamin D, omega-3 fatty acids, and a simple home exercise program will prevent disease at older age and thereby prolong healthy life expectancy.

Partnership

The Scottish Food and Drink Federation (SFDF) worked with around 50 small and medium-sized food producers, to help them improve the healthiness of their products through the Scottish Government funded Reformulation Programme. This led to salt and calorie reductions of various products of local family bakers and butchers.

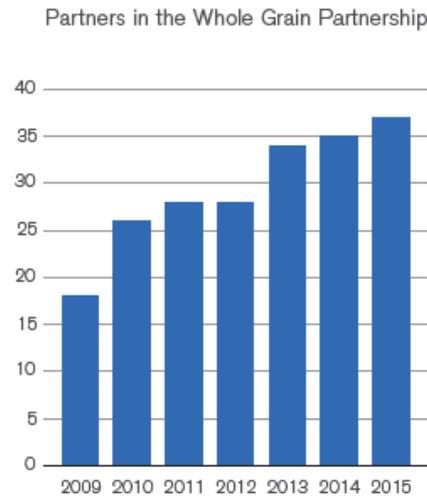
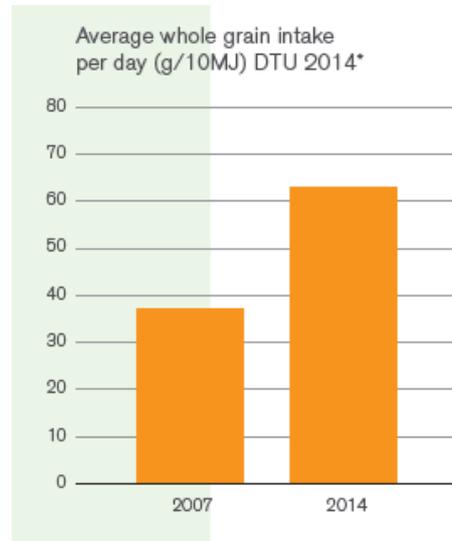


Monitoring 2016

Pillar	Key results
Product formulation and innovation (incl. portions)	52 case studies by signatories (12 National Federations, 9 European Sector Associations, 13 companies), including 14 new case studies submitted in 2016
Consumer information	18 case studies (of which 12 by National Federations, 3 by European Sector Associations, 2 by companies and 1 FoodDrinkEurope action), including 6 new case studies submitted in 2016
Responsible marketing and advertising to children	21 case studies (of which 10 self-regulatory codes by National Federations, 3 best practice promotion through national pledge programmes, 4 EU sector-led self-regulatory pledges, 3 company-led success stories and 1 major EU Pledge), including 4 new case studies submitted in 2016
Promoting healthy lifestyles	47 case studies (12 National Federations, 4 European Sector Associations, 12 Companies and 1 consortium), including 8 new case studies submitted in 2016

Importance of partnership in driving change

Example: Danish Wholegrain Partnership



5. Conclusions

Conclusions

- Discriminatory food taxes not sustainable in the long-run
 - Hurting consumers, farmers and companies – particularly SMEs
 - Uncertain health impact due to various interacting variables and adaptive consumer behaviour and business corrections
 - Good government policy?
- Instead, working together towards more balanced diets and healthier lifestyles more likely to result in faster, more durable gains for health
- Opportunity for Estonian Presidency of the EU to take leadership role and drive nutrition and health progress – private sector stands ready to support



“Enjoy Food, Today and Tomorrow”



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