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REGULATING CONSUMERS?

SPECIAL REPORT | 19 - 23 JUNE 2017
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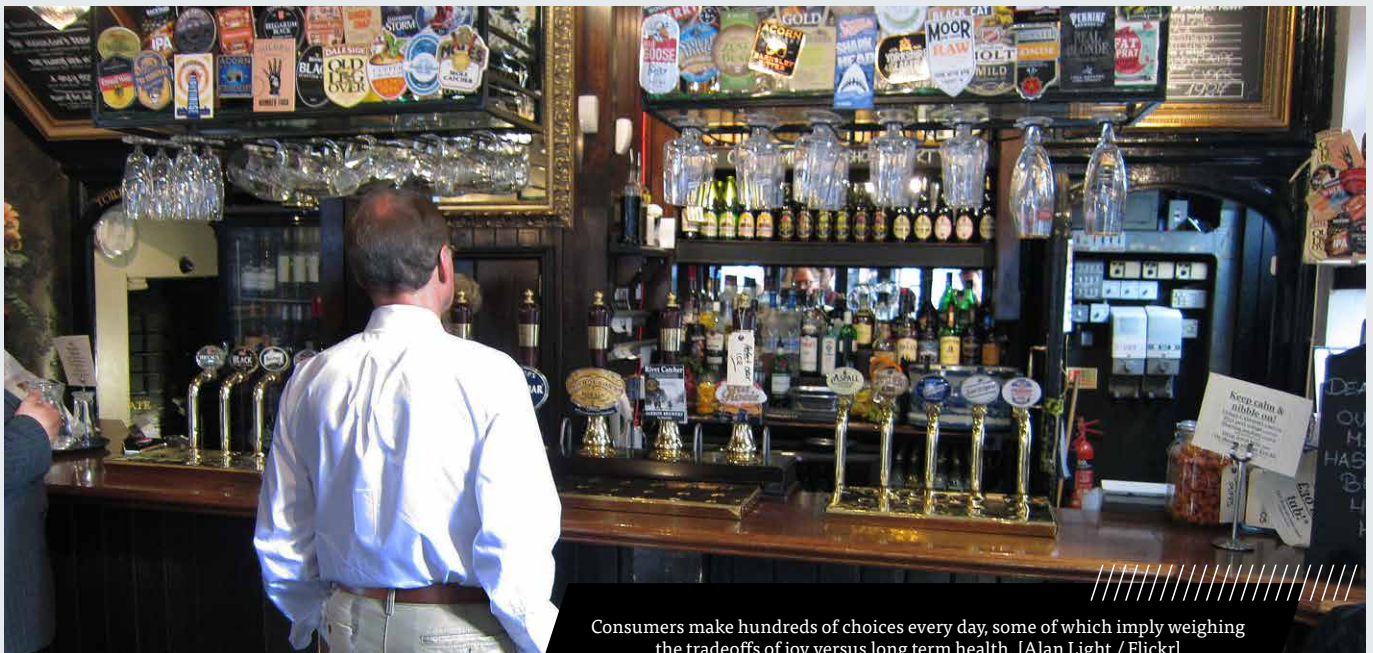
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OPINION

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Weighing the tradeoffs of joy versus long term health

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Consumers make hundreds of choices every day, some of which imply weighing the tradeoffs of joy versus long term health. [Alan Light / Flickr]

Consumers make hundreds of choices every day, some of which imply weighing the tradeoffs of joy versus long term health. These are highly subjective decisions, and in a free society adult consumers should have the right to make these choices and not have them dictated to them by public health tsars, writes Fred Roeder.

Fred Cyrus Roeder is Managing Director at the Consumer Choice Center (CCC), an organisation fighting for consumer choice in over 100 countries across the globe.

Europeans live in an age of access to information and education unrivalled in history.

Digital services offer consumers the opportunity to have more information about products they consider buying. While this leads to more consumer empowerment and more-informed decisions, public health advocates keep pushing governments across Europe to implement stricter limitations of people's lifestyle choices.

Such limitations of choice are not just bad for consumers, but also often infringe on the basic principles of the Four Freedoms within the European Union.

A series of recently introduced bills shows how several EU member states have shifted more and more towards paternalism and governments have stopped trusting their own citizens' abilities to make decisions on what to eat, drink, and smoke.

The Estonian Minister of Health Jevgeni Ossinovski has raised the prospect of rethinking duty free limits for alcohol transported from one member state to another. This can be seen as a direct attack on the Single Market depriving European consumers of one of the main

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benefits of the EU. In the light of Estonia's upcoming EU Presidency, his Ministry tried to qualify his and other statements. But it's not enough.

The Lithuanian parliament just voted to increase the legal drinking age to 20 and the Minister of Health openly hopes that neighboring countries will follow suit. Lithuania's parliamentarians seem to reject hard data from the U.S. showing that their drinking age of 21 correlates with the highest rate of binge-drinking in the world. Unintended consequences of such policies are being silenced under the noise of public health claims.

More and more European countries introduce branding bans for tobacco products making labels and brands a figment of the past. Policy-makers ignore the facts that branding bans are mainly a stimulus program for organised crime syndicates who sell counterfeited cigarettes, along with the fact that smoking rates have not been affected in Australia – one of the first countries to introduce this ban.

For its part, the Irish government plans to more strictly regulate to regulate alcoholic beverages.

Minimum prices, advertising bans, higher labeling requirements, and so-called 'Booze Burkas' separating alcohol from any other products in stores are part of the government's action package against alcohol. Driving up the price of alcohol and reducing brand visibility will drive more consumers to the black market.

This is an experiment that has been tried in countries such as the U.S. and the Soviet Union before and failed. In each case, it led to the growth of organised crime and lower quality products for consumers with devastating consequences for their health.

Prominent public health groups massively lobby the European Commission and Parliament to support more paternalistic policies regardless of whether they violate the Single Market. And they most often do.

Paradoxically, most of these groups' funding come from the very EU institutions they lobby. Institute of Economic Affairs lifestyle editor Christopher Snowden calls this the "EU sockpuppets" scheme. That such organisations would take public funding and support initiatives that

reduce choice and increase prices for ordinary consumers is a disgrace in our system.

In order to stop the trend of growing paternalism, the public health lobbies' efforts need to be balanced by a broad alliance of consumers from all over Europe. As populist forces around the world demonstrate, voters who disagree with the approach of governments will eventually grow in strength and power. Demonstrating to policy makers that those who limit choice will eventually face their consequences in elections is incredibly important in that case.

Consumers make hundreds of choices every day. Some of these include weighing the tradeoffs of joy versus long term health. These are highly individual and subjective decisions, and in a free society adult consumers should have the right to make these choices and not have them dictated to them by public health tsars. If we want to make our societies prosperous and include more options for everyday people, then we must embrace consumer choice. The fate of our institutions may indeed count on it.



Retailers fear tobacco-style restrictions on food and drinks

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Public health England, a UK government advisory body, recommended imposing plain packaging on bottles of alcohol. [Shutterstock]

Governments across Europe have applied ever-more restrictive measures to the sale of food and drinks as a way of fighting obesity – a regulatory proliferation that is making retailers worried about new barriers to the EU’s single market.

When the World Health Organisation vowed to fight child obesity “tobacco-style” six years ago, few actually paid attention.

The campaign against tobacco – steep taxes on cigarettes, coupled with regulation on tobacco use and advertising – has since gained traction and has offered governments a

blueprint for tackling obesity.

One after the other, European countries have implemented restrictive measures on the sale and marketing of pre-packaged food and drinks, in the pursuit of health policies.

Denmark’s infamous “fat tax” was the first of its kind worldwide and probably inspired others. But it also had unintended consequences and was eventually scrapped, officially because of the administrative costs it created but also probably because of the disruption in border trade it created with neighbouring Germany.

Others, like Hungary’s own fat tax,

were just as much about replenishing state coffers as tackling obesity, in a country deeply affected by austerity.

RETAILERS CONFUSED

But while the public health objectives of regulation are seen as legitimate – no-one questions the merit of tobacco and alcohol restrictions – it also raises questions as to the limits of public intervention.

“The regulator has a genuine interest in regulating and guaranteeing public health. And for that it can

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restrict product availability, increase tax and also restrict marketing and communication,” said Lucas Boudet, director general of the European Advertising Standards Alliance (EASA) who spoke at a EURACTIV event earlier this month.

Some industry executives are now beginning to worry about a “slippery slope” of over-regulation across a whole range of consumer goods industries, which is starting to impact on the EU single market.

“It’s incredibly difficult for retailers operating across Europe to know what is prohibited where and restricted in which way,” said Susanne Czech, director general of the European Retail Roundtable (ERTT), a trade group bringing together the CEOs of retail giants such as Tesco, Lidl, Ikea and Marks & Spencer.

Unsurprisingly, most restrictions across Europe are currently applicable to tobacco and alcohol. But it can get trickier for products like medicines sold over-the-counter, which may require a prescription in some countries and not others, Czech told delegates at the EURACTIV event.

And the restrictions are being applied across more European countries, Czech said, citing a new sugar tax coming up in Spain and a soft drink levy coming into force in the UK this year.

“Where does it stop, where does it go?” Czech asked. “We understand there has to be some restrictions out there in the interest of public health and public order. But we also want to offer choice to consumers,” she said.

“Is chocolate unhealthy? I would say dosage is what matters most,” Czech told delegates at the EURACTIV event.

HEALTH AND THE SINGLE MARKET

Taxation of course is a national

competence, in which the EU has no say – whether it is tax on sugar-filled products, fatty food or alcohol –, EU officials say.

But for Czech and other critics, national restrictions on sales and marketing are creating new obstacles to the single market, which is one of the cornerstones of the European Union.

“These measures go further than gold plating and generate imbalances and obstacles to the single market, hindering intra-EU and international trade,” said Florence Ranson, communications director at FoodDrinkEurope. In e-mailed comments to EURACTIV.com, Ranson deplored what she describes as “national measures put in place or suggested by individual member states, without EU coordination or initiative”.

Public health advocates point to the need to address what the World Health Organisation has called an “obesity pandemic”. With half of the EU’s citizens considered overweight, chronic conditions such as Type 2 diabetes and cardiovascular diseases are on the rise, threatening to overwhelm the EU’s already struggling economies and placing a tremendous burden on its healthcare systems.

VULNERABLE CONSUMERS

Health advocates also point to the need for protecting vulnerable consumers against aggressive marketing practices. A Parliament resolution voted in 2013 said children and the elderly were more receptive to aggressive marketing and needed special attention from regulators.

Few governments in Europe have a comprehensive strategy to reduce the obesity burden. And if nothing is done, particularly to tackle obesity among young people, the UK government expects obesity will represent 13% of total healthcare costs by 2050.

Consumer groups have hammered

the point home. Last week, the European consumer organisation, BEUC, called on food companies to stop using cartoon characters to promote unhealthy food for children, reflecting a growing trend to clamp down on advertising targeted at children.

The European Commission has so far had an ambivalent position regarding marketing restrictions applied to unhealthy food and drinks, and taxes in particular.

While taxes on sugar, fat, or salt do cause reductions in consumption, they also merely encourage consumers to go for cheaper products, said an EU-funded study published in 2014.

But the precise impact of such “fat taxes” on the competitiveness of the European agriculture and food sector still needs to be fully assessed, the report added.

The Commission admits food prices can be influenced by taxation but reminds that this is allowed under EU law provided they don’t discriminate against products from other EU member states.

It says taxation is recognised as a possible measure to address issues like child obesity. “The Commission is in favour of a multifaceted approach to disease prevention and promoting healthy lifestyles. Taxation is a possible measure among many,” a Commission spokesperson told EURACTIV.

“In this context, there is no a priori reason to treat food taxes differently from others in their relation to the good functioning of the single market,” the spokesperson added.

PLAIN PACKAGING FOR ALCOHOL?

If taxes are a genuine source of worry for food and drinks producers, their worst nightmare is to be treated like the tobacco industry.

And alcohol producers have reason to suspect they could be next in line.

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Last December, a report by Public Health England, an advisory body to the UK government, recommended to impose plain packaging on bottles of alcohol, suggesting they also carry larger health warnings, including photographic warning labels, like on cigarettes packs.

The growing enthusiasm for labelling and marketing restrictions on consumer goods has raised concern with the International Chamber of Commerce (ICC), the world's largest business organisation, which set up a specific task force to address the issue.

“What we've been discussing is that direct restrictions – from partial to total bans on the use of logos, branding, designs, images, words, etc. – can have indirect effects on other policies,” said Mathieu Maes, secretary general of the ICC in Belgium.

The ICC's point is that reducing manufacturers' ability to communicate is having perverse effects in other areas by driving “competition based on price rather than on innovation and quality,” which ultimately discourages smaller companies from entering the market and proposing innovative products, Maes said.

Tobacco industry representatives have rung the alarm bell, saying other sectors should be worried.

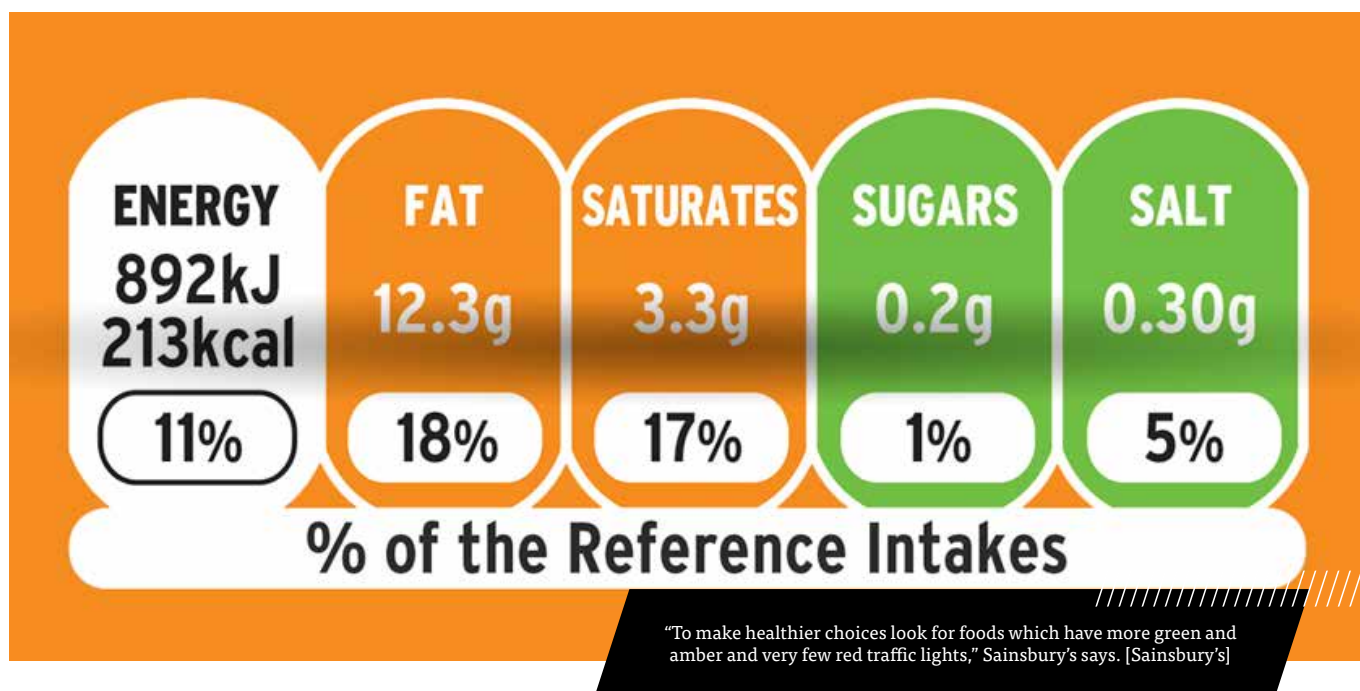
“If you are a brand owner, you should be very concerned about those proposals,” said Ben Townsend Vice-President at JTI, the Japanese cigarette maker which supported the EURACTIV event and whose Camel brand can no longer be used in countries where plain packaging has been imposed.

“Many other companies should look at tobacco and be deeply concerned,” he said, adding the debate was no longer purely about tobacco.



'Traffic light' food labels gain momentum across Europe

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A UK scheme that labels pre-packed food in red, amber or green according to their level of healthiness was rejected by Mediterranean countries at EU level but is slowly gaining momentum across Europe.

Traffic light food labels were first introduced in the UK with the aim of providing consumers with a clearer indication about the amount of salt, sugar or fat contained in the products they buy. They are red, amber or green based on the quantity of specific nutrients, allowing the consumer to quickly decide which product to choose.

"To make healthier choices look for foods which have more green and

amber and very few red traffic lights," Sainsbury's says on its website, as well as recommending its own range of products with few, if any, red traffic lights.

The scheme entered into force in 2013 but is still voluntary at this stage and only applies to about a third of food sold in Britain. In September last year, local authorities urged the UK government to make the scheme universal, saying the current situation was confusing for consumers.

"The UK is leading the way with its traffic light scheme, which is already widely used and provides clear, at-a-glance information," said Izzi Seccombe, chairwoman of the Local Government Association (LGA). "It is something many shoppers are familiar

with and find helpful," she told the BBC, calling for the scheme to become mandatory for all retailers.

Such schemes are controversial though. At EU level, a traffic light system for food labels was rejected in 2011 as part of negotiations on the food information to consumer regulation.

Southern European countries in particular voiced concerns about the UK traffic light system, claiming it would stigmatise the Mediterranean diet, which is rich in oil.

They complained that the scheme did not respect the EU's regulation on food information for consumers and the Commission eventually launched an infringement procedure against the

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UK in 2014.

TOO SIMPLISTIC?

A European Commission spokesperson told EURACTIV.com that the UK traffic light system had raised concerns from certain member states who believe it is too simplistic and stigmatises certain foods.

The governments of Cyprus, Greece, Italy, Portugal, Romania, Slovenia and Spain joined forces last year to denounce the UK scheme, and called on the Commission to scrap it. With mandatory traffic light labelling, 99% of meat products would be classified as “red”, according to industry sources cited by GlobalMeatNews.com.

“The infringement procedure is ongoing,” the EU spokesperson said.

EURACTIV understands that the Commission is currently assessing further information submitted by the food industry. But the idea seems to be gaining momentum.

France recently introduced a similar ‘Nutri-Score’ system which indicates the nutritional quality of a product via a colour scale ranging from Green (grade A) to red (grade E). The European Regional Office of the World Health Organisation (WHO) praised France for the move.

In the private sector, six industry giants, including Coca-Cola and Nestlé, launched in March their own push to have UK-style traffic light labels in Europe.

Italy took up arms against the scheme and intervened to ensure it does not go ahead.

“We will write again to the European Commission in the next few hours to intervene to stop the spread of an element which would be so market distorting,” Minister Maurizio Martina warned in March.

Health organisations welcomed the industry’s move, claiming it helped consumers make decisions in a matter

of seconds. For this reason, front-of-pack colour-coded nutritional labelling is proven to be the best way of informing consumers at a glance, noted BEUC, the European Consumer Organisation.

But Emma Calvert, a food policy officer at BEUC, said the plan to base labels on portion sizes smaller than the standard ‘per 100g’ was “very problematic”.

“A la carte portion sizes crucially prevent a comparison between products and could be extremely misleading for consumers,” she said. “It could result in fat, sugar or salt levels changing from ‘reds’ to ‘ambers’ or even ‘greens’ without the recipe of the product changing at all,” she told EURACTIV.

FOOD TAXATION: EXTRA BURDEN OR SOLUTION?

In another attempt to address health concerns related to food consumption, some EU countries have introduced “fat taxes”.

A 2014 EU report found that specific taxes on sugar, salt or fat “in general achieve a reduction in the consumption of the taxed products”. But it also pointed out that a higher tax may do nothing more but encourage consumers to go for cheaper products.

This was confirmed in Hungary, which imposed a sugar tax on food products in 2011. Four years later, research from the National Institute of Food and Nutrition Science indicated a significant change in consumer habits towards cheaper and often healthier alternatives.

Contacted by EURACTIV, the Permanent Representation of Hungary to the EU referred to a WHO report on this particular case, which stated that the “public health product tax” (PHPT) had achieved its short- and long-term public health goal, as the consumption of the taxed products had decreased and stayed at lower levels.

“One important result is that more than two-thirds of the people who

changed products chose a healthier alternative. As two-thirds of Hungarian adults are overweight or obese, another important public health achievement is that these groups were more likely to reduce their consumption of the taxed products,” the WHO report noted.

“The PHPT has also achieved its economic goals, as the planned revenue has been realized each year. The revenue made it possible to increase the health sector workers’ wages by 25% in two stages,” the report concluded.

Floriana Cimmarusti, secretary general of Safe Food Advocacy Europe (SAFE), told EURACTIV that a possible solution was taxation on the agri-food industry for food products and sweetened beverages that contain a high level of sugar.

“It aims at encouraging consumers towards healthier diets and the industry to reduce the amount of sugar when processing food while financing obesity’s health costs,” she said.

However, the industry does not share this view. Referring to the examples of Denmark and Finland, the industry believes that food taxation distorts the market and brings negligible public health results.

Denmark was the first country to introduce a fat tax on foods that are high in saturated fat. But the tax was scrapped merely 15 months after its introduction, as it led to inflation, cross-border shopping, job losses and an enormous administrative burden.

The Finnish government imposed a similar tax on sweets and ice creams but it was also abolished.

“It seems that such taxes actually fail to achieve any public health objectives,” Olivier Devaux from the EU Snack association said.

Referring to the same European Commission study, he said that fat taxes “create an increase in administrative burden” and “can have a bigger impact on the competitiveness of individual

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firms, particularly SMEs, than on that of multinationals”.

“This tends to confirm that such taxes are regressive, they distort competition and harm the competitiveness of individual companies,” Devaux warned.

EDUCATION AND OVERSIMPLIFICATION

Wouter Lox, managing director of the EU salt association, said the ultimate goal was to have well-informed consumers but stressed that changing consumer behaviour could only be achieved through education, starting at school.

“Whether in helping the consumers making well-informed choices there is a requirement to provide over-information, impose strict governmental guidelines and taxation on certain products would be indeed questionable,” he noted, adding that having a simplified traffic light system on foods was not a move in the right direction.

Lox also pointed out that there is a difference between an autocratic governmental approach that lifts any responsibility from the consumer, and an approach that provides consumers with enough background to help them make informed choices.

CHILDHOOD OBESITY AS A PARADIGM

The European Commission says a multifaceted approach to disease prevention and promoting of healthy lifestyles is needed to combat obesity.

Europe will face an obesity crisis of vast proportions, according to World Health Organisation projections which predict 89% of Irish men and 77% of Greek men will be overweight by 2030.

“Although there is no silver bullet for tackling the epidemic, governments must do more to restrict unhealthy food marketing and make healthy food more affordable,” said Dr Laura Webber of the UK Health Forum, which worked with the WHO and the European Commission to produce the new projections.

Taxation should indeed be considered as part of a wider range of tools and the complexity of its effects calls for careful consideration and design, a Commission spokesperson told EURACTIV.

Referring to evidence and the analysis of the WHO and the Organisation for Economic Co-operation and Development (OECD), the spokesperson added that taxation measures could promote healthier consumption habits.

“We need education on how to keep ourselves and our families healthy and ward off disease, clear information about the ingredients and nutritional value of the food we eat, and the healthy choice to be the easy choice,” the spokesperson said, citing as an example the European Action Plan on Childhood Obesity.

The action plan, which was a top

health priority for the Maltese EU Presidency, focuses on promoting healthier environments, especially in schools and preschools, restricting marketing and advertising for children, encouraging physical activity and increasing research.

In addition, the EU spokesperson said that reformulating food products to contain less salt, fats or sugars was another initiative being explored by member states in the High-Level Group on nutrition and physical activity, chaired by the Commission.

Last week, EU health ministers took a harder line against junk food advertising and called on the member states to put obesity at the top of the political agenda.

The ministers called for measures to reduce the exposure of children and adolescents to “marketing, advertising in any media (including on-line platforms and social media) and sponsorship, of foods high in energy, saturated fats, trans-fatty acids, sugar and salt and to monitor and report the impact of these measures”.

EU member states also hinted that the industry’s self-regulatory approach might not be enough.

“There is ample evidence to justify more effective actions on the marketing of foods which are high in energy, saturated fats, trans-fatty acids, sugar and salt. Experience and evidence point to the fact that voluntary action may require regulatory measures in order to be more effective,” read the conclusions of the health ministers’ meeting.

Alcohol makers brace for EU-wide mandatory labelling

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European Commission: "A proposal from the entire sector including smaller-scale enterprises, by spring 2018, would be a strong signal for consumers." [waterboard/Flickr]

Makers of spirits and beer are exploring self-regulatory solutions to show consumers the ingredients contained in the alcohol they drink. However, they find the Commission's timeline "too tight" and fear mandatory rules will eventually be imposed on them.

When it comes to advertising and sponsoring, the alcohol industry is already heavily regulated. The vast majority of EU member states have put several restrictions especially focused on the protection of minors.

Several EU countries have also introduced legislation related to minimum pricing, health warnings or packaging.

In Slovenia for instance, labels of alcoholic beverages must include a

warning that they are not suitable for children while in France all alcoholic beverages should carry a warning indicating the risks for pregnant women.

On the other hand in the UK, the industry has found a voluntary agreement with the government to display health warnings. And the alcohol industry itself has launched campaigns to promote responsible drinking among students.

SELF-REGULATION

For the alcohol industry, the immediate concern at EU level is to find a self-regulatory solution on nutrition labelling.

Under current EU rules, spirit and beer makers are not obliged to

indicate the list of ingredients and the nutrition value of alcohol on the bottle, which is not the case for other foods and drinks.

That could change soon. On 13 March, the European Commission adopted a report on the mandatory labelling of ingredients and nutrition declaration for alcoholic beverages. It offered an additional year for the alcohol industry to develop its own voluntary initiatives and provide a list of ingredients and nutrition declaration.

But the effectiveness of a self-regulatory approach on alcohol labelling has sparked intense discussions in Brussels. While public health activists claim the alcohol

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industry was given too much leeway to avoid regulation, the industry contends that self-regulation is the only way to address the diverging national attitudes towards alcohol.

MAKING HEALTHIER CHOICES

The European Commission believes that nutrition labelling can play a role in moderating alcohol consumption and should be seen as a way of encouraging consumers towards healthier choices.

“In that sense, the report also recognises that the list of ingredients and nutritional information are key information that helps consumers to make more informed and healthier choices,” said a Commission spokesperson.

The EU official also cited the growing number of alcohol producers that have voluntarily adopted such measures.

“For example, many brands of beer on the EU market provide nutrition information, either on the label or via quick-response code-driven applications,” the official said.

SPRING 2018 DEADLINE

The EU source explained that the Commission expected no less than a self-regulatory proposal on nutrition labelling covering the entire alcohol industry. Otherwise, it might be tempted to play hard ball and regulate.

“A proposal from the entire sector including smaller-scale enterprises, by spring 2018, would be a strong signal for consumers,” the Commission official stressed.

Brewers have taken a leading role on labelling and claim self-regulation is already working for beer. “By the end of this year, over 60% of new beer volumes hitting shelves across Europe will carry this information, on labels

and also via online platforms,” said Jan de Grave, director of communications at the Brewers of Europe, a trade association.

Spirit makers, for their part, warn that the Commission proposal on self-regulation is a “tricky offer” as the EU executive knows the sector is divided on labelling.

Spirits and beer industries have been bickering for years over what type of information should be indicated on the label of alcohol bottles.

The spirits industry claims that information on calories contained in alcoholic beverages should be provided “per glass” and not per 100ml, which is the legal calorie measurement for all drinks across Europe. But the Brewers do not share the same view.

Meanwhile, health activists are raising the pressure. The European Alcohol Policy Alliance (Eurocare) believes self-regulation can only work within a clear policy framework. Mariann Skar, the secretary general of Eurocare, said that the additional year granted to industry is nothing more than a political decision as well as an opportunity to avoid regulation.

“In an election year with a fragile status quo, clearly this has been a political choice,” Skar said. “It remains to be seen whether alcohol producers will seize this opportunity or continue to hope that in the XXI century consumer demand for information, openness and transparency will not touch their sector,” she stated.

ONLINE LABELLING

Beer makers have suggested to provide information on nutrition and ingredients online rather than on the bottle. The main advantage is that it allows alcohol producers to provide more complete information to consumers than a label would.

However, it is unlikely to bridge the differences between the two sides of the alcohol industry.

Referring to surveys, brewers

claim that 6 out of 10 of consumers use digital sources to access the nutrition and ingredient information on alcoholic beverages. Nevertheless, they insist that label remains the most important information source for most consumers and online cannot be used to hide information away or to circumvent laws by presenting information in a format that is illegal, imbalanced and misleads consumers.

They believe that any deviation from the 100 ml reference measure would not be acceptable or comprehensible to the consumer.

On the other hand, Eurocare says that the argument suggesting alcoholic beverages be exempted from providing information on the label is far-fetched.

In 2015, Eurocare conducted a consumer survey which found that only around 25% of respondents searched for information online, regarding ingredients or additives in their alcoholic beverages.

“The burden of finding nutritional values and ingredient listings should not be placed on the consumers by asking them to go online and find out for themselves,” Skar said, emphasising that labels remain the best option to inform consumers.

“Similarly, the arguments that there isn’t enough space on the label are not justified, especially wine bottles still have loads of space that can be used to provide information to consumers,” she added.

For the spirits industry, the overall objective assigned to the industry is to propose credible solutions to provide a list of ingredients and nutrition declaration. “The brewers have committed to labelling but no doubt they will also subscribe to off-label solutions offering additional sources of information to consumers,” said Paul Skehan, director general of SpiritsEurope, an industry group.

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TAXATION FORTUNES

Imposing taxes on alcoholic beverages is another way of decreasing alcohol consumption. The WHO and the Organisation for Economic Co-operation and Development (OECD) recommend the use of taxes as an effective tool to reduce alcohol-related harm.

However, its practical implementation may not bring about the desired results both in consumption and finances, according to the industry. SpiritsEurope said Greece is a perfect example. In the period 2009-2010, the excise tax on alcohol was increased by 125% but the state revenues fell to €272 million in 2015 from €289 million in 2009. Overall, the result of increased taxes was reduced revenues and a steep rise in illicit trade, especially from Bulgaria.

Similarly, Belgium imposed in November 2015 a 40% increase of

excise tax on spirits. In 2016, the Belgian Ministry of Finance was expecting an extra €220 million in revenues but at the end of the first year, only an extra €51 million was collected.

Brewers, on the other hand, claim that the beer industry generates €42 billion in tax revenues annually for EU governments, including €10.9 billion from excise taxes alone.

De Grave said the beer industry is gradually recovering as some more “forward-thinking governments” had frozen or even slightly reduced beer taxes, something that resulted in increased tax revenues.

As for the attempt to use taxes as a way of reducing alcohol-related harm, the answer is “a resounding no,” De Grave said. “Probably the reasons why most EU countries don’t use excise taxes to improve health, but rather to generate revenue, is that it is clear that the countries with the highest taxes are also often those with the highest levels of binge drinking.”

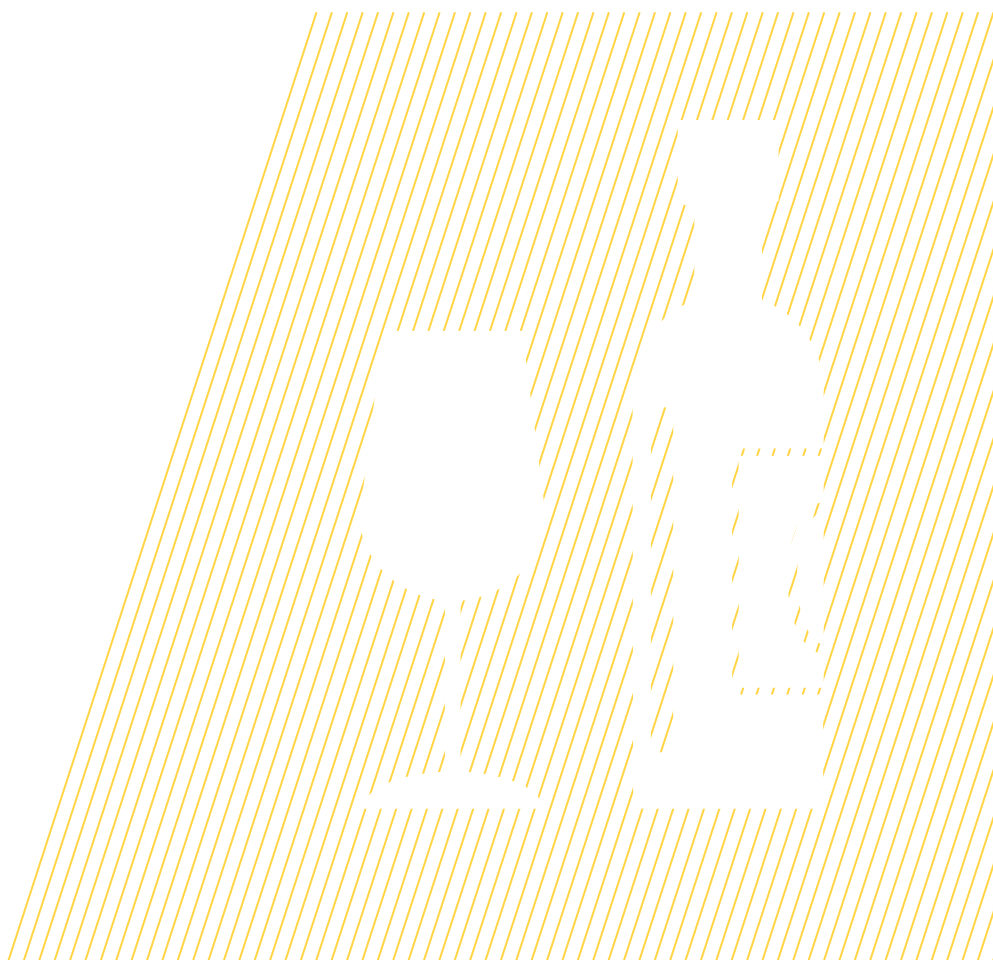
The perfect example for De

Grave, is the partnership between the Danish Brewers’ Association and the government, which resulted in reducing the number of minors who buy alcohol illegally in stores.

For Eurocare, tax increases have the potential to generate large health gains by generating savings in healthcare expenditure.

“Increases in taxation when passed on to consumers, reduce alcohol consumption,” Skar said, adding that the average adult per capita consumption decreased between 1990 and 2010 overall in the EU, including Norway and Switzerland, by 12.4%. “This is due to a combination factors, among others the increase in alcohol taxes in certain countries,” she noted.

She also recognised that there are tax differences on alcohol among member states. For example, when Estonia joined EU in 2004 Finland cut the tax by 33% in response to concerns about the cross-border trade of alcohol, and consumption rose by 10% in Finland.



Tobacco makers denounce 'brand theft' from plain packaging

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France's new 'neutral' cigarette packs, replacing logos on the packaging with health warnings and graphic images of tobacco-related illnesses. Paris, October 2016. [Ian Langsdon/EPA]

The trend towards imposing plain packaging on tobacco products has made industry executives furious and denounce “Brussels-led overregulation” that effectively leads to “brand theft”.

On the other side of the fence are the European Commission, the World Health Organisation and public health NGOs who say branding restrictions are an effective tool to prevent people from taking up smoking in the first place, especially the younger generation.

According to the WHO, there are over 1 billion smokers worldwide while the diseases caused by tobacco kill over 6 million people every year on a global level.

Speaking at the World No

Tobacco Day 2017 (31 May), Health Commissioner Vytenis Andriukaitis said the EU had come a long way in tobacco control legislation over recent years but said there was still work ahead.

“My dream is a Tobacco Free world. A world that no longer needs ‘World No Tobacco Days’ like today,” the Commissioner said.

THE DIRECTIVE

Tobacco products are without a doubt the most heavily regulated consumer goods.

Restrictive measures have been imposed to control tobacco-related harm, ranging from bans on advertising and sponsorship to the imposition of

smoke-free environments to prevent passive smoking.

The revised EU Tobacco Products Directive came into force in May 2016 and introduced stricter measures on packaging. For instance, 65% of a pack should contain a health warning picture as well as text.

Member states were also offered the opportunity to take additional measures, such as plain packaging.

The vast majority of EU countries – 25 to date – have notified full transposition of the TPD to the European Commission. But the EU executive says it’s too early to draw conclusions about the effectiveness of the policy.

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“The new rules have not been in effect long enough, transposition checks are still underway, and don’t forget that manufacturers have been given a 12-month window until May 2017 to use up old stock – which means packs without picture warnings in many member states,” Andriukaitis recently told EURACTIV.com in an interview.

EU public health organisations believe that the directive means the end of “the era of denial for the tobacco industry”.

But for the industry, it is just another example of “Brussels-led over-regulation”.

“It contains a raft of draconian restrictions, including supersized picture health warnings, a complete ban on menthol cigarettes and the prohibition of smaller pack sizes,” said Ben Townsend, vice-president for Europe at Japan Tobacco International (JTI), the makers of Camel cigarettes.

“This latest wave of anti-tobacco regulations is likely to backfire badly by hammering legitimate businesses and stifling consumer choice,” he told EURACTIV.com.

A BRANDING BAN?

Plain packaging is indeed picking up fast among EU member states.

The first EU countries to introduce the scheme were France, Hungary, Ireland, Slovenia and the UK.

When the British government introduced it, the four tobacco giants attempted to prevent its implementation, claiming the law would violate their human and intellectual property rights. The tobacco industry went to the courts in the UK but failed to block it.

For JTI’s Townsend, “Plain packaging effectively means a branding ban.”

According to Townsend, the ban simply doesn’t work. In Australia,

the first country to introduce plain packaging more than four years ago, government data showed that the decline in smoking has actually stalled, he said.

But this hasn’t stopped regulators from contemplating similar measures in other sectors, like soft drinks or food with high sugar or salt, in the pursuit of health policy objectives.

“It now appears some regulators are ‘copy-pasting’ tobacco-style regulations for other fast moving consumer goods sectors without any thought as to whether they worked elsewhere,” Townsend said, adding that adult consumers had the right to exercise their freedom of choice.

Guillaume Périgois, Director of Forest, an advocacy campaign aiming to inform smokers about issues that affect them in the EU, went further, saying that “plain packaging treats adults like children and teenagers like idiots”.

According to Périgois, plain packs are unlikely to deter people from smoking as there’s no clear evidence that plain packaging worked in Australia.

“The impact on consumer choice could be significant because some brands will almost certainly disappear from the market,” he warned.

A MORE EFFECTIVE TOOL

The European Commission, for its part, is convinced that plain packaging is more effective at deterring young people from taking up smoking than large pictorial warnings.

The WHO shares the same view. It believes plain packs reduce the attractiveness of tobacco products by eliminating the effects of packaging design as a form of advertising and promotion.

“Contrary to the claims of the tobacco industry, research shows that children find plain packs (with large graphic health warnings) less appealing and are less likely to be

misled by the sophisticated marketing techniques designed to make smoking attractive to them,” said Cornel Radu-Loghin, secretary general of the European Network for Smoking and Tobacco Prevention (ENSP).

According to Radu-Loghin, the tobacco industry has attempted to deny the power of branding on cigarette packs but at the same time uses marketing techniques to tempt young people into taking up smoking. This is why tobacco makers are so tenaciously holding on to package branding, he said.

“We are encouraging the EU member states to adopt as soon as possible plain packaging for tobacco products,” the health activist told EURACTIV.

WAKE UP CALL

For Townsend, the growing trend for plain packaging is comparable to “state theft of our brand”. And he is convinced that other fast-moving consumer goods sectors like food, drinks and alcohol will be next.

“We see the blueprint coming,” Townsend warned industry delegates at a EURACTIV event held earlier this month, saying the experience of the tobacco sector should act as “a wake up call” for other fast-moving consumer goods industries to defend their brand.

Soft drink makers back product reformulation as 'healthier' than taxation

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Governments can steer consumers towards healthier choices by supporting the reformulation of food ingredients, rather than imposing “discriminatory” taxes, according to the soft drinks industry.

The number of overweight and obese people in Europe has been growing at an alarming rate in recent years. According to Eurostat, 51.6% of the EU’s population (18 and over) was overweight in 2014.

And policymakers widely see high sugar consumption as one of the main culprits.

“The harmful effects of sugar on health are well-known, ranging from type 2 diabetes and tooth decay to heart disease,” says EU consumer organisation BEUC, referring to a World Health Organisation (WHO) recommendation on non-communicable diseases.

The European Commission took note and launched several initiatives to tackle the issue. One of them is the

EU strategy on nutrition, overweight and obesity, which aims to promote coordinated action with member states.

TAXATION

At national level, taxation of soft drinks has tended to take centre stage.

In 2012, France introduced a sugary drinks tax, followed by the UK and Belgium four years later.

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In an effort to reduce childhood obesity, the UK government introduced a new levy in 2016 that applied to the production and importation of soft drinks containing added sugar.

Westminster claimed that the levy would encourage soft drinks producers to reformulate their products and reduce the sugar content.

Similarly, Belgium introduced a “health tax” on soft drinks. “The health tax imposing excise duties on soft drinks fits in perfectly with our National Nutrition Plan under which we want to reduce sugar and fat in the diet,” Belgian Health Minister Maggie de Block explained.

Coca-Cola reacted strongly, claiming that the government was hiding behind health policy objectives to impose new taxes.

“They tried to implement this tax as a health measure but we do not think that targeting a product category is a means of improving people’s health,” Coca-Cola said, stressing that a broader policy would be more appropriate, including consumer awareness around calorie intake and healthier lifestyles.

“Some member states have decided to introduce discriminatory food taxes arguably to pursue health objectives despite the lack of evidence that such taxes are effective or have any positive impact on consumer’s health,” said

Sigrid Ligné, director general of UNESDA, the association representing the European soft drinks industry.

REFORMULATION AND PORTION CONTROL

But the soft drinks industry insists that taxation has not brought the desired health results. Instead, it believes the most effective way of nudging consumers towards healthier choices is to reformulate foods.

“This is why recent policy initiatives at EU level to curb obesity and non-communicable diseases have rather focused on coordinating effective interventions across Europe in partnership with the whole food industry,” Ligné said.

Referring to a study conducted by the McKinsey Global Institute, Ligné noted that reformulating products and controlling portions are by far the most cost-effective interventions.

Product reformulation is in fact encouraged at European level. “One area which we are addressing at EU level is food reformulation to encourage reductions of sugar, salt and fats in processed foods,” said European Commissioner for Health and Food Safety Vytenis Andriukaitis recently.

“The broad aim is to create conditions that make healthy food easily available and affordable to all – so that people can reduce their intake

of salt, fat and sugars – which can help to prevent diseases including tooth decay”.

Last week, the EU’s 28 health ministers backed national initiatives aimed at reformulating foods in order to reduce levels of salt, saturated fat, trans-fatty acids, added sugar and energy density, given the role they play in the development of non-communicable diseases and weight problems.

And the industry also went along with the trend. In February 2017, the European soft drinks industry announced it would reduce added sugars in its products by a further 10% by 2020.

“The sector has reduced average calories in its products by 12% from 2000-2015,” Ligné revealed, adding that it now has four key priorities: the reformulation of existing products; the introduction of new no/low sugar products; the introduction of smaller pack sizes; and placing promotion behind no/low varieties to encourage consumer choice.

BEUC, the EU’s consumer organisation, has applauded the move. “Over half of Europeans are overweight, and sugar is one of the main culprits. So it is encouraging that EU member states have made food recipes improvement a top priority,” it said.



CONSUMER GOODS REGULATION: A 'SLIPPERY SLOPE'?

Sales and marketing restrictions on food, drinks and alcohol products have piled up over the years. Some are now beginning to worry about a "slippery slope" where tobacco-style regulations - and taxation - could be applied to a whole range of consumer products in the name of public health objectives.

INFOGRAPHIC

In an attempt to address public health concerns, policymakers have pushed for increased regulation on food, soft drinks and alcohol products.

Restrictions ranging from taxation to strict labelling and packaging rules have been imposed across Europe.

Some are now beginning to fear a "slippery slope" where tobacco-style regulations and restrictions are applied to other consumer products in the name of public health objectives.



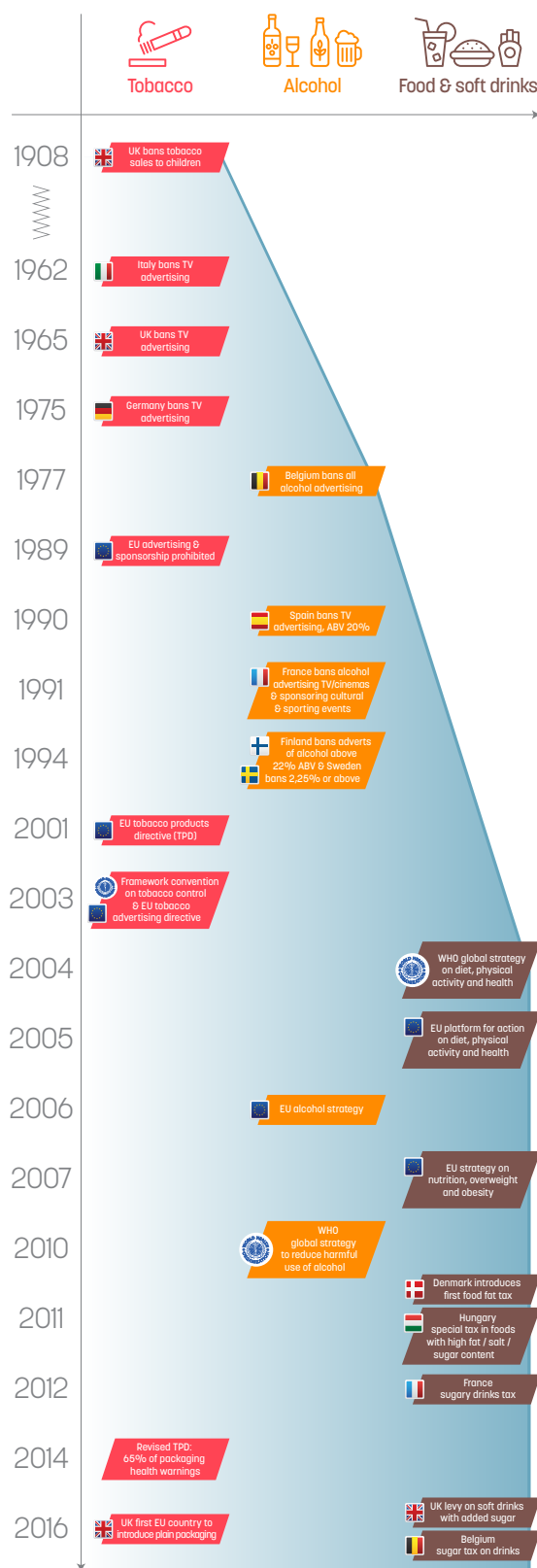
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“It is not just Big Tobacco anymore. Public health must also contend with Big Food, Big Soda, and Big Alcohol. All of these industries fear regulation, and protect themselves by using the same tactics.”
Dr Margaret Chan, Director General WHO