



3 February 2023

WHO Steering Committee and
WHO Nutrition Guidance Expert Advisory Group (NUGAG) Subgroup on Policy Actions
World Health Organization
Avenue Appia 20
1211 Geneva
SWITZERLAND

Email Submission: [Call for comments on the draft WHO Guideline: Fiscal policies to promote healthy diets](#)

Dear Sir/Madam

Attached are the comments that the New Zealand Food & Grocery Council wishes to present on the *WHO draft Guideline on fiscal policies to promote healthy diets*.

Yours sincerely

A handwritten signature in blue ink, appearing to be "Raewyn Bleakley".

Raewyn Bleakley
Chief Executive



WHO draft Guideline on fiscal policies to promote healthy diets

Submission by the New Zealand Food & Grocery Council

3 February 2023

NEW ZEALAND FOOD & GROCERY COUNCIL

1. The New Zealand Food & Grocery Council (“NZFGC”) welcomes the opportunity to comment on the *WHO draft Guideline on fiscal policies to promote healthy diets*.
2. NZFGC represents the major manufacturers and suppliers of food, beverage and grocery products in New Zealand. This sector generates over \$40 billion in the New Zealand domestic retail food, beverage and grocery products market, and over \$34 billion in export revenue from exports to 195 countries – representing 65% of total good and services exports. Food and beverage manufacturing is the largest manufacturing sector in New Zealand, representing 45% of total manufacturing income. Our members directly or indirectly employ more than 493,000 people – one in five of the workforce.

OVERARCHING COMMENTS

3. Obesity is a challenging and multi-factorial non-communicable disease. No single nutrient or food is the cause. The relationship between the consumption of sugar sweetened beverages and obesity is weak. As a result, the focus on sugar is over-emphasised and often over-simplified.
4. NZFGC considers the evidence provided to support the recommendations is not evidence of the link between sugars and obesity because there is no evidence of health impacts of the measures proposed. There is some correlation, but not causation.
5. In New Zealand, successive governments have rejected the prospect of taxing sugary beverages on the basis that the evidence does not support health impacts. The New Zealand Ministry of Health commissioned a report on the issues around a sugar tax for New Zealand¹ that made several conclusions including that estimates of reduced intake are often overstated due to methodological flaws and incomplete measurement and no study based on actual experience with sugar taxes has identified an impact on health outcomes.
6. Far greater impact can be made through reformulation of products by industry as is evidenced in New Zealand.²
7. The definition of sugar-sweetened beverages referred to by WHO in the notes to recommendation 1 is very broad and includes products that are considered core foods in the dietary guidelines of many countries. As a consequence, taxing these items is contrary to the purpose of nutrition guidelines of encouraging intake of healthy foods (and beverages). If consumption of these falls as a result of taxes, this raises the risk of nutrition inadequacy in the diet since some nutrients within these foods (e.g. calcium from milk) are not easily added back to the diet from other food sources. The definition also varies considerably in the evidence drawn on to support the draft guidance.
8. In summary, taxes are blunt tools and regressive taxes are particularly concerning since low-income taxpayers pay a disproportionate share of the tax burden, while middle- and high-income taxpayers bear a relatively small tax burden. In any case, food costs have

¹ Sugar taxes A review of the evidence NZIER report to Ministry of Health. August 2017. Available at https://nzier.org.nz/static/media/filer_public/f4/21/f421971a-27e8-4cb0-a8fc95bc30ceda4e/sugar_tax_report.pdf Accessed Jan 12, 2023

² Daniela L, Taylor BJ et al Further reductions in the prevalence of obesity in 4 year old New Zealand children from 2017-2019. *International Journal of Obesity* (2022) 46:1176–1187; <https://doi.org/10.1038/s41366-022-01095-2>

risen significantly around the world over the past two years making food taxes an even more unattractive option than in the past.

DETAILED COMMENTS

Obesity and single nutrients such as sugar

9. Obesity is a challenging and multi-factorial non-communicable disease. No single nutrient or food is the cause. The relationship between the consumption of sugar sweetened beverages and obesity is weak. As a result, the focus on sugar is over-emphasised and often over-simplified as we collectively try to address the rise in obesity over time. Even when obesity does flat line or decrease as discussed below, the factors contributing to change are uncertain.

Evidence of implementation and modelling

10. NZFGC considers the evidence provided to support the recommendations are not evidence of the link between sugars and obesity but rather, evidence of implementation practices and modelling or expectations of impacts. There is no evidence of health impacts of the measures proposed and a major limitation of this work is that the studies comprising the evidence show some correlation, but not causation. Causality to health outcomes cannot be established.

11. It is useful, nonetheless to know that the pass through of taxes on sugar sweetened beverages is 70-80%. This would suggest that price impact of such taxes is directly linked to the level of the tax.

12. We note that the Mexican experience forms a substantial portion of the evidence (20% of the papers in Andreyeva et al 2022). Unfortunately, these rely as heavily as all others on observational and modelling impacts. We understood from Mexican sales data that consumption returned to pre-tax levels after the first year of the imposition of the tax and that there is currently no evidence of obesity abating.

13. In New Zealand, successive governments have rejected the prospect of taxing sugary beverages on the basis that the evidence does not support health impacts. The New Zealand Ministry of Health commissioned a report on the issues around a sugar tax for New Zealand³. The report's review of the literature concluded:

- Taxes generally appear to be passed through to prices and some reduced demand is likely
- estimates of reduced intake are often overstated due to methodological flaws and incomplete measurement
- Price elasticities from early studies with fundamental methodological flaws have later been used in a number of other studies to assess the impact of sugar taxes, resulting in significantly overestimated reductions in demand
- There is insufficient evidence to judge whether consumers are substituting other sources of sugar or calories in the face of taxes on sugar in drinks
- Studies using sound methods report reductions in intake that are likely too small to generate health benefits and could easily be cancelled out by substitution of other sources of sugar or calories
- No study based on actual experience with sugar taxes has identified an impact on health outcomes

³ Sugar taxes A review of the evidence NZIER report to Ministry of Health. August 2017. Available at https://nzier.org.nz/static/media/filer_public/f4/21/f421971a-27e8-4cb0-a8fc95bc30ceda4e/sugar_tax_report.pdf Accessed Jan 12, 2023

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- Studies that report health improvements are modelling studies that have assumed a meaningful change in sugar intake with no compensatory substitution, rather than being based on observations of real behaviour.

14. Far greater impact can be made through reformulation of products by industry. This has been the experience in New Zealand. Voluntary reformulation to meet reduction targets set by the National Heart Foundation (especially for sodium) and through the voluntary uptake of a front-of-pack labelling system have been in place for 12 and 6 years respectively. The front-of-pack labelling system, the Health Star Rating, has achieved quite remarkable reformulation in its 6 years of operation. It is also the case that New Zealand is recording continued declines in obesity of children with age- and sex-adjusted BMI at, or above, the 85th, 95th and 99.7th percentiles occurring over time, overall and across all sociodemographic indicators⁴.

No Causality between sugar taxes and obesity decreases

15. As we note above the *major limitation of the guideline is that the evidence does not establish causality between the tax imposition and any health effect.*

Regressivity of taxes

16. Taxes are blunt tools and regressive taxes are particularly concerning since low-income taxpayers pay a disproportionate share of the tax burden, while middle- and high-income taxpayers bear a relatively small tax burden.

17. We appreciate that WHO has recognised this, but states (p23 Draft Guideline) “this possibility must be weighed against the health benefits, which are likely to be greatest for the most vulnerable population groups, which tend to decrease consumption of taxed products by a greater extent and thus reap greater health-benefits.” Our concern is that consumption changes have been shown not to be sustained and the health benefits have proved elusive.

18. The draft guideline then suggests that in any case tax revenue can be used for social protection interventions and interventions targeting vulnerable populations. In such situations the tax is simply a revenue raiser and not for a direct or linked health effect. Penalising specific products to potentially benefit broader industries and communities is not a sound fiscal approach and should not be promoted by an organisation of such standing as WHO.

Definition of sugar sweetened beverages

19. The definition of sugar-sweetened beverages referred to in the notes to recommendation 1 includes carbonated or non-carbonated soft drinks, fruit and/or vegetable juice* and drinks, nectar, liquid and powder concentrates, flavoured water, vitamin waters, energy and soft drink, ready-to-drink teas, ready -to drink coffees, flavoured milk and milk-based drinks, and plant-based milk substitutes. This definition is broad and includes non-alcoholic beverages that are often excluded by other organisations and agencies such as fruit and vegetable juices and nectars, flavoured milk and milk-based drinks, and plant-based milk substitutes. These are considered core foods in the dietary guidelines of many countries and as a consequence taxing these items is contrary to purpose of nutrition guidelines of encouraging intake of healthy foods (and beverages). As noted above, if consumption falls as a result of taxes, this risks creating nutrition inadequacy in the diet since some nutrients within these

⁴ Daniela L, Taylor BJ et al Further reductions in the prevalence of obesity in 4 year old New Zealand children from 2017-2019. *International Journal of Obesity* (2022) 46:1176–1187; <https://doi.org/10.1038/s41366-022-01095-2>

foods (e.g. calcium from milk) are not easily added back to the diet from other food sources.

20. The definition of sugar-sweetened beverages also varies considerably in the evidence drawn on to support the draft guidance. Beneficial nutrition is provided by fruit and vegetable juices and nectars, flavoured milk and milk-based drinks, and plant-based milk substitutes providing macro and micronutrients at levels important to healthy intakes. In our view, more work is required around the definition of sugar-sweetened beverages when applied to food fiscal policy.

Equity of tax on sugar-sweetened drinks

21. The statement in recommendation 1 of the Guideline that “the intervention increases equity and probably human rights” is an assumption based on a linkage between taxes on less healthy food options contributing to “healthy diets that are most likely to decrease health inequalities”. While a number of studies identified the prospect, there is no evidence this is the case.

Acceptability of taxes in a rising food cost environment

22. Food costs have risen around the world over the past two years by up to 65%⁵. Even if there is some decrease over the coming years, the acceptability of food taxes in the past and referred to for the WHO recommendation 1, is many years away. The acceptability refers to governments and policy makers. It seems unlikely that government’s would risk popular opposition to increasing any food prices in the current environment. In any case we note that a relatively high tax rate has to be applied for consumption to be impacted, also presenting challenges for application.

⁵ Morgan Stanley Why food prices may be peaking [Rising Food Prices: 2022 Outlook and Beyond | Morgan Stanley](#)