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## **EHN statement on the study *Food taxes and their impact on competitiveness in the agri-food sector***

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The European Heart Network (EHN) takes note of a recently published study on *Food taxes and their impact on competitiveness in the agri-food sector*. The study was commissioned by DG Enterprises and Industry and published on its website on 16 July 2014.

Three questions were researched:

1. How do food taxes impact the consumption of foods with a high percentage in fat, salt and sugar? What qualitative and quantitative results support a public health or fiscal objective?
2. How do food taxes impact competitiveness of the agri-food sector on the Member State level (in terms of costs, profitability and investments)?
3. How do food taxes impact employment and trade flows within the Member States as well as the EU Internal Market?

The study concludes that *“food taxes achieve a reduction in the consumption of the taxed products and, in some cases, product reformulation aimed at reducing the sugar, salt and fat levels of the product”*. From the perspective of prevention of cardiovascular diseases as well as other chronic diseases and obesity, these are desirable outcomes. Although stating that food taxes are regressive, the study points out that *“the actual income impact is predicted to be very low”* and there is some evidence that *“food taxes will benefit the low income population the most in terms of improving nutrition and hence be progressive from a health perspective”*.

The research suggests that the administrative burden from food taxes will increase but that the actual costs will depend on the nature and design of the taxes. The study is inconclusive on the impact on net profitability of the agri-food sector suggesting that factors, other than taxes, may influence profit margins more.

No evidence was found for loss of employment or decrease in labour productivity.

Moreover, the study found limited effect on cross-border shopping, including in Denmark after it introduced its saturated fat tax. This finding is contrary to the often repeated statements made by the food industry.

In conclusion, the study should be welcomed by any country that has introduced or considers introducing food-related taxes:

- ***There is evidence that food taxes reduces consumption of the taxed products and may benefit low-income people more***
- ***There is little evidence that food taxes have a major impact on net profitability***
- ***There is no good evidence that food taxes lead to increased cross-border shopping***
- ***There is no good evidence that food taxes lead to loss of employment***