

Sugar Shift: Six Ideas for a Healthier and Fairer Food Systemⁱ

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The World Health Organization and the UK's Scientific Advisory Committee on Nutrition recommend that current levels of sugar consumption should be reduced. This briefing paper brings together six policy proposals that suggest how this 'sugar shift' could be achieved in a way that meets both public health *and* social justice concerns. In so doing it links food and drink consumption to issues including UK business competitiveness, EU agricultural policy, and international development. The sugar debate cuts across sectors and reinforces the need for a joined-up food policy.

To appreciate why sugar is so prevalent in the food system and how it has become linked to different forms of inequality, a political economy approach is used. This pays attention to the power relations that shape who benefits from growing and selling sugar, and how those might be altered. The normative agenda of the paper is not simply to demonise sugary foods and drinks: a nutrient-by-nutrient approach to health is undoubtedly too narrow. Rather, the agenda is one of linking a reduction in sugar consumption to an expansion in meaningful choice. This means creating opportunities for people to access and afford a wider variety of foods, enjoy common leisure facilities, avoid discrimination, and make a decent living. The six proposals are targeted at a UK policy audience and are practical in design. They are:

1. **Introduce a 20% sugary drinks duty and ring-fence it for public health programmes.** In England the responsibility for improving local health and providing public health services now rests with local authorities. In the context of limited investment in disease prevention and further funding cuts to come, ways of financing healthy lifestyles for all are needed. In Scotland, Wales and Northern Ireland, duties should be ring-fenced for the devolved NHS.
2. **Make the promotion of healthy and sustainable diets mandatory for food and drink corporations.** The Responsibility Deal should be revived by using peer-review, multi-stakeholder monitoring and government sanctions to encourage major manufacturers and retailers to adopt and implement meaningful strategies for change – including, but not restricted to, sugar reduction. Separately, and to avoid reifying a corporate food economy, small businesses should be supported through local cooperatives and more water supplied through public drinking fountains.
3. **Un-brand corporate social responsibility and feature different body sizes in food and drink advertising.** Alongside restrictions on advertising products high in sugar and fat to children, companies that choose to support sports activities and eating programmes as part of their corporate social responsibility agendas should do so without branding their initiatives. Advertisers should also be more representative in *who* they include in their adverts. Excluding those considered obese reinforces the message that being this size is something shameful.

ⁱ The FRC has already contributed to the current nutritional debate about the role of sugar, obesity and food taxes (see www.foodresearch.org.uk for three briefing papers on this subject). We have hosted seminars with academics and civil society representatives on these issues. This paper by Dr Ben Richardson at the University of Warwick is made in a personal capacity. Dr Richardson makes a call for sugar policy to include a social and ethical dimension.

4. **Reform subsidies to sugar beet producers in the EU and support small-scale, mixed farming in the UK.** Agricultural policy is connected to both unbalanced diets and unfair trade. Redirecting the millions of euros spent through the Common Agricultural Policy (CAP) to directly subsidise sugar in the EU would raise prices and allow sugarcane exporters in poor countries to compete on a more equal basis. Giving less CAP money to large landowners and more to family farmers through rural development funds in the UK would also support the provision of direct, fresh, sustainable food.
5. **Pay a real living wage in UK-owned sugar companies and UK-based food companies.** Better jobs make for healthier lives. Associated British Foods is a multinational sugar company, overseeing the livelihoods of thousands of people across Africa and China as well as in the UK. Its African subsidiary pays its lowest-waged workers in Malawi around \$2 per day. Increasing this by just a dollar would make a huge difference to poverty levels and set an international example of UK business values. Domestically, employees of food and drink manufacturers and retailers have lower than average wages. Some companies in this sector have become accredited by the Living Wage Foundation to demonstrate commitment to decent wages; others should follow suit, encouraged by more ambitious public sector procurement standards.
6. **Advance a Global Convention to Protect and Promote Healthy Diets in the World Health Organization.** Sales of sugary products are expanding in poorer parts of the world, not by accident but via concerted marketing campaigns. As diseases like diabetes follow in their train, providing consumers with accurate nutritional information, evidence-based guidelines and age-appropriate adverts is clearly important in every country. The UK's Department for International Development should thus support the internationalisation of healthy diets by driving forward the draft 'Global Convention' as part of its Nutrition for Growth agenda.

Introduction: linking sugar consumption to trade and production

In a three-hour debate in Parliament about how to reduce sugar consumption, not a single mention was made of farming or agriculture.¹ This was symptomatic of the way that consumption and production have tended to be seen as separate issues.² It is problematic as it ignores some key reasons as to why sugar is present in the food system in such large quantities, not just in the UK but globally too. There is now more sugar available in the world's diet than ever before.³ It also ignores the consequences of reforming dietary patterns for other groups in the economy, including farmers and food manufacturers, again in the UK and beyond.

This paper situates sugar policy in this broader context. It does so in order to better identify ways to address the inequalities that characterise the food system at present. While reports by Public Health England⁴ and the Commons Select Committee on Health⁵ have flagged up some of these systematic differences in life chances, they were not designed to look at issues beyond diet-related health outcomes. Nor were they intended to expand the range of possible actions around sugar provisioning so as to advance a progressive politics of food and farming. This briefing paper seeks to develop this agenda.

The paper emerges out of my 2015 book, *Sugar*, which looked at the global political economy of this commodity. It also follows on from previous papers produced by the Food Research Collaboration (FRC). These considered the place of sugar in UK food policy, sugar's wider social and environmental impacts, and the use of health taxes on food and drink, respectively. In November 2015 the FRC also coordinated a roundtable meeting of civil society organisations and academics on the topic of sugar policy which fed into this report, and some of those attendees commented on this work. Finally, I conducted off-the-record interviews with people that have worked within the sugar industry as farmers, traders, unions, or government officials, as well as people based in local government. The policy proposals advanced here are my own opinion, though reference has been made to other supporting organisations where relevant.



1.1 Sugar consumption in the UK is falling but still too high...

Critics of sugar reform have argued that there is no need to put in place new policies as the consumption of sugar in the UK is in decline. This argument has two major flaws. First, while self-reported sugar consumption is falling, it still remains far above the recommended intake. In 2001-02 the proportion of calories derived from added or processed sugars was 14.8%. In 2013 it was 13.6%.⁶ At this rate **it will take over a hundred years to reach the 5% consumption target** recommended by the UN's World Health Organization (WHO) and the UK government's Scientific Advisory Committee on Nutrition (SACN).⁷ It is also worth bearing in mind that sugar consumption is prone to under-reporting. For example, in the UK's National Diet and Nutrition Survey, the estimated intake of carbonated and diluted soft drinks for 19-64 year olds was recorded at 244ml per day. Yet sales figures from the British Soft Drinks Association across the same period translated into an average of 416ml per day.⁸ While sugar consumption may be still in decline, the level it is falling from could well be higher than official statistics say.

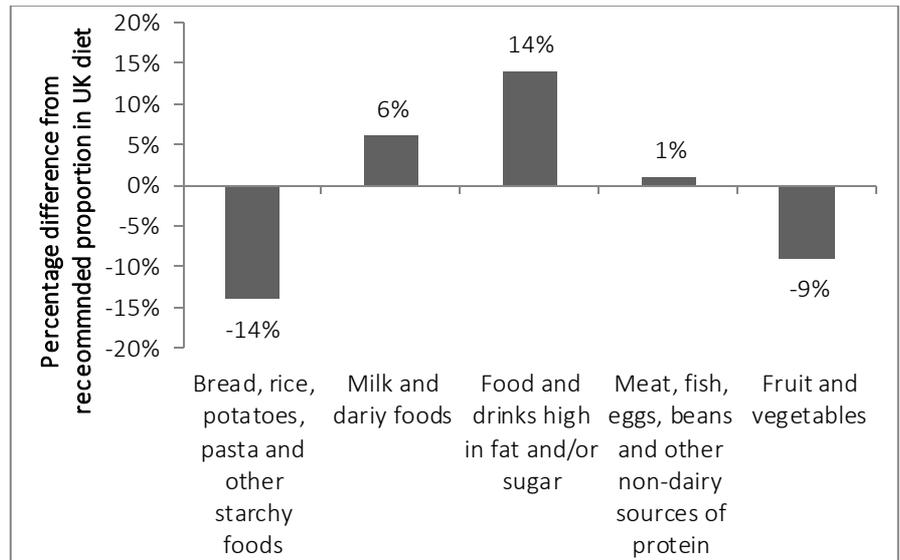
Second, this is an average consumption figure which ignores significant variation between groups. One of the most notable variations is between income groups. The lowest income decile has the most sugar in their diet while the highest income decile has the least, though the same relationship does not hold at other deciles meaning that sugar consumption cannot be seen purely as a function of income. There are significant variations based on age and geography as well: other above-average sugar consumers include teenagers and those living in rural areas.⁹ Unlike the US, data breakdown by race and ethnicity is not available, but it is possible that this would show statistically significant variation too. These **socially-patterned differences in how people eat can be all too easily effaced by the use of averages.**

The vast majority of sugar consumed is via processed foods and drinks. Information about which manufacturers are the biggest buyers of sugar is closely guarded, but insiders have reported that **"there are probably 100 industrial users requiring more than 10,000 tonnes of sugar per year"** and that "80% of demand comes from 20% of the names".¹⁰ A hint as to who the biggest of these might be comes from an open letter written by the Food and Drink Federation about sugar's impact on public health. The companies mentioned are Coca-Cola, Britvic, Mondelez International, Premier Foods, PepsiCo and Unilever.¹¹ Nestlé is likely to be one of the big buyers having represented the UK Industrial Sugar Users Group in Parliamentary hearings, along with the major supermarkets manufacturing their own-brand products.¹²

In thinking about eating habits it is important to see sugar in relation to other ingredients, not least because the (over)consumption of sugary foods and drinks appears to displace other foods from the diet.

This is highlighted by the Eatwell Plate comparison in the latest *Family Food* report produced by the UK's Department for Environment, Food and Rural Affairs (DEFRA). The Eatwell Plate represents the UK's current national guideline on the proportion of foods that constitute a healthy diet – though it should be noted that it is undergoing review to reflect new guidance on sugar consumption along with other concerns such as its failure to distinguish between products within food groups (e.g. breakfast cereals and potatoes are both treated as starchy carbohydrates).¹³ Nevertheless, even against this benchmark, **foods and drinks high in fat and/or sugar appear to be eaten instead of other foods.** Efforts to decrease the intake of sugary foods must therefore be linked to efforts to increase the intake of fruit, vegetables, pulses and wholegrain cereals.

Figure 1: UK household consumption against the Eatwell recommendation



Source: Adapted by author from Department of Environment, Food and Rural Affairs (2014) *Family Food 2013*. London: DEFRA, p. vi.

1.2 ...while EU sugar prices are set to fall further as farming and processing becomes more concentrated

In 2014, there was 2.3 million tonnes of refined sugar supplied to the UK market.¹⁴ Almost two thirds (1.45 million tonnes) came from sugar beet, processed by British Sugar at its four factories in Eastern England. An estimated 0.7 million tonnes came from sugar cane, refined by Tate & Lyle Sugars at its factory in London.¹⁵ The remainder came from net imports from other sources.¹⁶ This supply works out at 35 kilograms of sugar for every person living in the UK, and is probably supplemented further by net imports of sugar-containing products.¹⁷ The guidelines from the SACN report recommend that for people aged 11 and over, no more than 11 kilograms of sugar should be consumed over the course of a year.¹⁸

In this sense **there is a structural over-supply of sugar in the UK**. Of course, this is not the way that supply management has traditionally been understood. Regulated under the European Union’s Common Agricultural Policy (CAP), a variety of policy instruments have been used to govern sugar with the express purpose of supporting farm incomes and ensuring a sufficient supply for food manufacturers. These instruments have not been used to meet public health guidelines.

Over the last decade the EU sugar market has been steadily liberalised, with the intention of exposing producers to greater competition within and beyond the EU. One manifestation of this is the abolition of the EU’s production quotas for sugar in 2017. Production quotas limited the amount of beet sugar that EU member state could produce and sell at the EU reference price. Removing quotas is predicted to increase the supply of beet sugar produced in France, Germany, and to a lesser extent, the UK. But by the same token, the import of raw sugar from cane growing countries is predicted to decrease. *Assuming the UK remains in the EU*, modelling undertaken by DEFRA suggests that at the EU level **the supply of sugar from beet will increase by 1 million tonnes while the supply of sugar from cane will decrease by 1 million tonnes**.

Since the majority of EU cane imports are currently processed by Tate & Lyle Sugars, this will have particular bearing on their business. This is why, in the context of a possible ‘Brexit’, they have said that they will be better off outside the EU unless certain reforms are made.¹⁹ As the quota restrictions on iso-glucose syrup made from maize or wheat (known as High Fructose Corn Syrup in the US) have also been lifted, more of this industrial sweetener could be produced in the EU too. However, interviewees considered it unlikely given the large upfront costs of installing additional processing capacity.

Another manifestation of the last decade of reforms has been to integrate income support for sugar beet farmers into the CAP's direct payment system. This means they are supported through subsidies paid out of general taxation rather than through managed crop prices paid ultimately by the consumer. In 2014, the direct payment in England was set at €251.39 per hectare, which translates to a **€29.2m subsidy through the CAP for UK sugar beet production**.²⁰ This was equivalent to 9% of the value of the sugar beet crop.²¹ Reclaiming this money through a 'subsidy refund' on sugar sold by the beet factory would be one way, albeit unorthodox, in which taxpayer support for this commodity could be redressed at the national level.

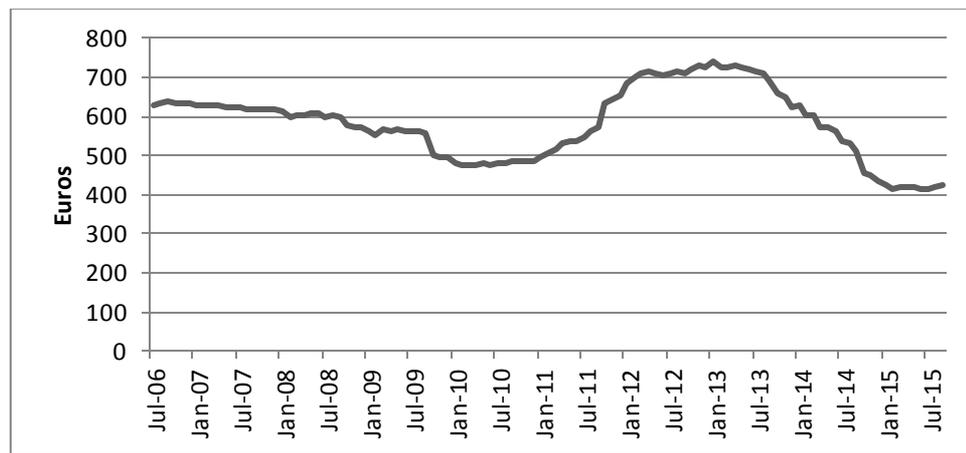
Policy instruments to regulate EU sugar market, post-2017

Area	Instrument	Notes
Trade	In-quota import tariff	Up to a quantity (quota) of 677,000 tonnes of sugar, the EU charges a tariff of €98 per tonne imported. This is known as the 'CXL' duty.
	Out-of-quota import tariff	For imports of sugar above this amount, the tariff is set at €419 per tonne of white sugar and €339 per tonne of raw sugar. This effectively prohibits free trade in sugar with low-cost exporters like Brazil, Thailand, Guatemala and Colombia.
	Duty-free import quotas	Duty-free but quota-restricted access has also been granted to the Balkan countries (200,000 tonnes) and select countries that have signed Free Trade Agreements with the EU (totalling 500,000 tonnes). A possible EU Free Trade Agreement with Brazil as part of the MERCOSUR bloc could lead to further openings of duty-free import quota sugar.
	Duty-free and quota-free import allowances	Least Developed Countries and certain other countries in the African, Caribbean and Pacific bloc have duty-free, quota-free access to the EU market. They have historically averaged around 2 million tonnes of export to the EU.
	Export quota (?)	The EU is currently restricted by a ruling of the World Trade Organization (WTO) to export a maximum of 1.4 million tonnes of sugar per year. It is anticipated that the removal of beet quotas in 2017 will end this restriction, as the EU will be in a stronger position to claim that it is not directly subsidizing sugar production. However, this argument may be weakened by the use of voluntary coupled payments, and some opponents of EU exports may still make the case that direct payments should be seen as a 'market distorting' export subsidy under WTO law too.
Production	Direct payments	The majority of Common Agricultural Policy spending goes on direct payments, up to €42 billion in 2014 across the EU. It is transferred as a basic income support based on the area farmed. Farmers growing sugar beet are eligible to claim this income support subject to respecting EU rules on farm management and the additional requirements opted for by their respective state.
	Voluntary coupled payments	EU Member States are allowed to take a certain percentage of direct payments and 'couple' them to production of a particular commodity. In 2014 €4.2 billion was earmarked for this purpose, €176 million of which was given to sugar beet production on top of direct payments.
Price Management	Private storage aid	The EU reference price for white sugar is currently set at €404 per tonne and €335 for raw sugar. If prices fall below these levels, the European Commission can give EU money to companies to cover the costs of storing sugar so that the supply can be tightened and prices stabilized.
	Exceptional import tenders	If Member States are struggling to purchase enough sugar, they can appeal to the European Commission to issue import tenders at reduced duties.

Source: author from various EU webpages.

Looking ahead, while the total amount of sugar supplied within the EU is not expected to change significantly, the *price* of sugar and *who benefits* from producing it will. As the EU market becomes more closely aligned to the world market, EU sugar prices are likely to become lower and more volatile. This trend is already visible. The average price of white sugar in the EU fell from a peak of €738 per tonne in January 2013 to €425 per tonne in October 2015.²² For food and drink manufacturers this equated to an EU-average price of £0.31 for a 1kg bag of sugar – far below the region's historic average.²³ DEFRA estimate that this will fall a further 15% by 2020. **By making sugar cheaper, agricultural policy and health policy are working at cross-purposes.**

Figure 2: Average EU price of one tonne of refined sugar, 2006-2015



Source: Committee for the Common Organization of Agricultural Markets (2015) White Sugar Prices, DS/2015/3, 17 December 2015. Available at: <https://circabc.europa.eu/faces/jsp/extension/wai/navigation/container.jsp>

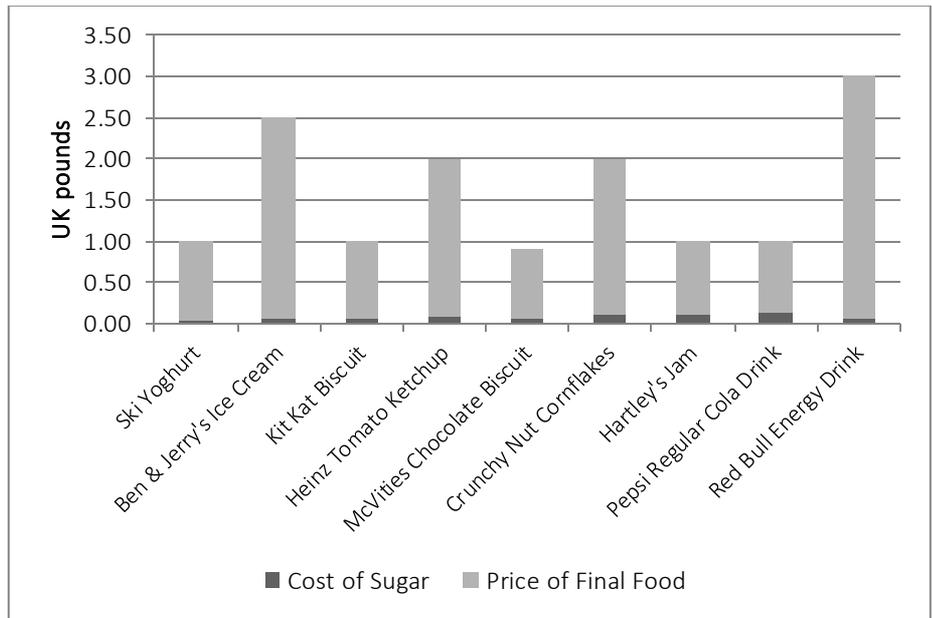
For farmers, this means lower beet prices. Negotiations between British Sugar and the National Farmers Union (NFU) over the sugar beet contract offer for 2016-17 resulted in a price of £20.30 per tonne, the lowest in a generation.²⁴ As the NFU Sugar Board Chairman noted in June last year, “Our industry continues to face significant challenges. Low world prices and the approaching end of quotas are resulting in difficult market conditions”.²⁵

Lower prices also mean that many farmers will stop growing the crop and turn to other rotation crops – winter wheat, winter oilseed rape, winter barley and beans. None of these provide the kind of gross margins that sugar has in the past, although one farmer reported to me that there other benefits to leaving beet behind such as a reduction in the amount of soil lost because of wet-weather harvesting.²⁶ This shake-out will continue the trajectory of concentration in sugar beet farming. In 2005 there were 7,300 sugar beet holdings in England with an average size of 20 hectares. By 2014 there were 4,300 holdings with an average size of 35 hectares.²⁷ Even these figures over-estimate the *number* of farmers growing beet, since a single farmer can have multiple holdings and sugar beet contracts – British Sugar says it works with 3,400 growers.²⁸ In short, sugar beet reform has accelerated the trend in UK agriculture toward **fewer farmers operating at larger scale**.

For food and drink manufacturers, sugar reform was intended to result in lower prices for their raw ingredients. The former EU Trade Commissioner, Peter Mandelson, spelled out how this was in fact necessary to help EU agriculture move out of bulk commodities like sugar and into exports of value-added processed foods.²⁹ Behind the scenes, CIUS, the association representing sugar-using companies in EU policy negotiations, has done its bit to lobby for lower sugar prices. They have argued that it helps “the supply-chain operate in a more market-oriented environment” which is vital for business competitiveness.³⁰

However, the evidence as to whether the cost savings of cheaper sugar has then been passed onto consumers has been inconclusive.³¹ In other words, **cheaper sugar makes the ingredient more attractive to manufacturers, but does not necessarily make for cheaper final foods**. This can be seen in Figure 3, which shows the low cost of sugar in the price of even very sugary foods and drink. Incidentally, these are all brands owned by foreign multinationals including Nestlé, Unilever, Kraft-Heinz, Yildiz Holding, Kellogg’s, Hain Celestial, PepsiCo and Red Bull. Cheap to make, these products they offer large margins with which to finance advertisements, slotting fees and other marketing costs.

Figure 3: Cost of Sugar in a Sample of Final Foods on Promotional Offer



Source: Richardson, B. (2015) *Sugar*, Cambridge: Polity, p. 34. Products on offer in Leamington Spa branch of Tesco's supermarket, December 2014.

For sugar cane farmers, especially those in the bloc of African, Caribbean and Pacific (ACP) countries which has historically benefitted from the EU's managed market, the future looks grimmer still. In line with the price movements faced by beet producers, cane producers have also suffered declining terms of trade. In September 2006 the price paid for a tonne of raw sugar from the ACP was €512 per tonne. Nine years on it had fallen to €375 per tonne.³²

Looking forward, despite having unlimited access to the EU, many ACP countries seem likely to be squeezed out the market as they are considered to be uncompetitive vis-à-vis sugar beet producers. A report commissioned by the UK's Department for International Development (DFID) suggested that, among other countries, **Belize, Fiji, Guyana, Jamaica and Mauritius are all in a precarious position.**³³ As high-cost producers with few alternative markets, they will need to undergo radical restructuring in order to preserve industry revenue and jobs, or else transition out of sugar cane altogether.

This is why the Fairtrade Foundation has called for more to be done to provide aid support to cane farmers: all of the countries cited above had certified Fairtrade sugar producers exporting to the EU. In fact, in August 2015 Tate & Lyle Sugars, the EU's biggest refining group, said it would no longer buy Fairtrade sugar from Fiji, citing EU market regulation as a reason.³⁴

For its part, Tate & Lyle Sugars have called for greater and cheaper access to raw sugar from low-cost cane exporters like Brazil and Thailand in order for it to stay business.³⁵ For the last few years they have been running well below capacity and at times have been forced to close three days a week.³⁶ This has raised questions about the long-term commitment to sell all their bagged sugar in the UK under the Fairtrade label, in place since 2008, which is a commercial decision ultimately dependent on their economic viability as a cane refiner.

In 2014 almost 200,000 tonnes of Fairtrade sugar were sold worldwide – the majority through Tate & Lyle Sugars in London.³⁷ With this in jeopardy, the long-term future of Fairtrade sugar in the UK may well lie in processed foods like chocolate bars, although this too has been made more difficult because of recent changes in Fairtrade's rules which allow companies to commit to Fairtrade one ingredient at a time. In October 2015 Mars Bars were launched in the UK and

Ireland that contained Fairtrade-certified cocoa, but not certified sugar; even though sugar was their main ingredient.³⁸

Sugar reduction will benefit certain business activity

Reducing the amount of sugar sold in the UK is best seen as a distributive phenomenon, making some kinds of economic activity less profitable but others more so. Many businesses are anticipating and adapting to this trend. In terms of retail, in a survey of its members the British Hospitality Association found that offering ‘healthy choices’ was considered the second biggest trend shaping the sector. 88% of those surveyed said they were including more fruit and vegetables in their menus while 81% said they were reducing added sugar.³⁹

In terms of food and drink manufacturing, data from Euromonitor already shows at the global level that the year-on-year growth of ‘health and wellness’ products – including reduced sugar products, functional foods, and organics – consistently outperforms that of their standard counterparts.⁴⁰ And at the level of ingredient manufacturing, Credit Suisse report that the share performance of companies producing alternative sweeteners to sell into this growing market has far exceeded the FTSE average.⁴¹

Depending on how sugar reduction is achieved, there will also be distributive consequences within the food and drink sector. If it is led by a reduction in daily sugary drink consumption, there will be less impact on businesses like cake shops and more opportunities for substitute drinks like carbonated flavoured water – markets currently being targeted by the US-based SodaStream and UK-based Powerful Water Company.⁴² Finally, there will be distributive consequences within companies, many of which have multiple product lines. For instance, Coca-Cola Enterprises, Britvic, Nestlé and Danone have all invested large amounts in bottled water production in the UK as according to *The Grocer* this is “the only soft drinks category in serious growth”.⁴³

Recommendation 1: Introduce a 20% sugary drinks duty and ring-fence it for public health programmes

The 20% duty on the retail price of sugary drinks, proposed by Public Health England and the Commons Health Committee, has been controversial. One reason is that as a flat rate duty it is expected to disproportionately hit the pocket of those low-income consumers who decide not to buy the reduced sugar alternative (though by the same token the health effects are thought to disproportionately benefit those on lower-incomes). Another reason why some are reluctant to endorse a sugary drinks duty is because it is perceived to constrain people’s choices. To address these concerns and enhance the effectiveness of the duty, central government should ring-fence the revenue for spending on public health programmes by local authorities in England and by the NHS in Northern Ireland, Scotland and Wales. This would direct resources to those most in need and provide more opportunities for people to diversify their diets and undertake physical activity in their communities.

It is justifiable to target soft drinks as they are the biggest source of ‘free sugars’ in the UK diet.⁴⁴ According to the UK’s Scientific Advisory Committee on Nutrition (SACN), sugar-sweetened drinks account for 29% of the intake among 11-18 year olds and 16% in adults, with few other nutrients besides.⁴⁵ As well as their calorific contribution, they are often consumed outside of meal times, which is problematic for tooth decay as frequency of consumption is particularly important. Finally, as they deliver large amounts of sugar to the body in a short space of time, this is thought to contribute to the development of type 2 diabetes. Both of these specific links to sugary drinks were highlighted in the SACN report, which recommended that “consumption of sugar-sweetened drinks should be minimised in children and adults”.⁴⁶ This is why it is preferable in the first instance to increase the tax on sugary drinks rather than address the current anomaly whereby bagged sugar, cakes and drinking chocolate are exempt from tax entirely, given their zero rate VAT classification.

The use of taxation to achieve the health target can also be justified. The attempt to encourage consumers to substitute high sugar drinks for their low- or no-sugar counterparts has failed. Between 2005 and 2014 sales of regular carbonated soft drinks in the UK remained robust; falling, but only from 3.9 billion litres to 3.3 billion litres.⁴⁷ A different approach is needed. National taxes on sugary drinks are already in place in Finland, France, Hungary and Mexico. As reported in a previous Food Research Collaboration publication on this topic, the most comprehensive study on their effectiveness in the European context found that taxes ranging from £0.17 to £0.01 per litre had resulted in an increase in the price by 3-10% and a reduction in consumption by 4-10%.⁴⁸ A study on the Mexican case by Mexico's National Institute of Public Health found that in its first year of operation, a tax equivalent to £0.04 per litre had reduced sales by 6% and was reducing this further over time.⁴⁹

Modelling the effects of a 20% duty on sugar-sweetened drinks in the UK, researchers at the University of Oxford argued that it would lead to a reduction in consumption of 15-16%, substituted by smaller increases in the consumption of milk, juice, diet drinks, tea and coffee and water.⁵⁰ They also found that the economic burden would be very small (around 9 pence per person per week) and in absolute terms would be less for those on lower incomes as these consumers are considered to be more price-sensitive. With respect to revenue, the duty was estimated to be worth £276m – though other studies have put the figure much higher.⁵¹

A 20% duty would be similar to unit duties currently added to ciders, wines and spirits in the UK (see table below). And while such products are subject to additional tax in the UK, it is important to note that if they are exported then duty drawbacks can be claimed, thereby avoiding a loss of international competitiveness.

Excise duties in the UK (excluding fuel)

Product	Excise Duty Rate	Example Price Effect
Cigarettes	16.5% of the retail price plus £3.79 on a packet of twenty	Additional £4.60 on a packet of twenty at average UK price
Beer (medium ABV)	£0.18 per litre for each percent of alcohol	Additional £0.52 on a pint of 5% strength lager
Cider (sparkling, low ABV)	£0.38 per litre	Additional £0.22 on a pint
Wine (still, medium ABV)	£2.73 per litre	Additional £0.68 on a large glass
Spirit	£27.66 per litre of pure alcohol	Additional £0.27 on a shot of 40% ABV vodka
Sugary drinks	20% of the retail price	Additional £0.25 on a 500ml bottle of cola priced at £1.25

Source: UK Government (no date) Tax on Shopping and Services. Available at: <https://www.gov.uk/tax-on-shopping/alcohol-tobacco>

Critics of a sugary drinks duty have also argued that it would be undercut by cross-border trade. For example, Mondelez' President for Northern Europe, Mary Barnard, said Denmark had abandoned proposals for a sugar tax after consumers circumvented a similar tax on fatty foods by buying butter and ice cream abroad, implying the same would inevitably happen in the UK.⁵² This is misplaced insofar as it assumes a similar level of cross-border shopping. Denmark has a long land border with Germany and road and rail access to Sweden. Travelling outside the UK to save a few pennies per unit on sugary drinks seems much less likely.⁵³ A good comparison is offered by the amount of spirits bought outside the UK to avoid taxes. The HMRC calculates this to be just 4% of domestic sales.⁵⁴

This problem is more significant, though, when we consider the possibility of sugary drinks duties being introduced separately by devolved administrations within the UK.⁵⁵ Calls have been made for the Scottish government to consider the policy, by organizations including the Royal College of Physicians of Edinburgh.⁵⁶ The Northern Irish government is currently deliberating an amendment to a Health Bill proposed by two of its assembly members.⁵⁷ And the Welsh government passed a motion put forward in December 2015 to introduce a 20% tax and is now set to explore whether it can raise this duty with powers devolved to it under the 2014 Wales Act.

At present, there has not been enough consideration of what the revenue raised from a sugary drinks duty would be used for. Notably, one of the main criticisms of the sugary drinks duty in Mexico has been that the Mexican government has not fulfilled its promise to use the revenues raised (£710m) to improve access to clean water by installing drinking fountains in schools.⁵⁸ To make a sugary drinks duty in the UK more than just a disincentive to consumption, it should be ring-fenced by the government for spending on public health programmes. Current best practice programmes include promoting the ‘five-a-day’ fruit and vegetable campaign in schools, subsidising leisure centre activities, helping groups to organise outdoor activities, and providing support for home-cooking among students and people living in disadvantaged areas.⁵⁹ By widening meaningful opportunities for people to eat more varied foods and engage in exercise and sporting activities, such programmes would contribute to the broader set of changes needed in the way that eating and physical activity is currently structured.

There are many examples of ring-fencing that show such a practice is feasible. The TV licence is perhaps the clearest example, insofar as the monies raised from that are used to fund the BBC and the roll out of broadband infrastructure. More recent examples, backed by the Chancellor of the Exchequer George Osborne, include the distribution of LIBOR fines to military charities, the allocation of ‘tampon taxes’ to women’s health and support charities, and the donation of the 5p charges for plastic bags to charities chosen by retailers collecting the fees.⁶⁰

In England, such revenue should be disbursed to local authorities, which assumed responsibility of public health from NHS England in 2013. As well as the relevant statutory duties local authorities also have established mechanisms of accountability in place to ensure that the money would be spent in an appropriate manner *and* the ability to connect people to other services like family and social care services in a way that other potential recipients, like schools, do not. Such funding would come at a much needed point. Despite the well-established economic benefits of preventative action,⁶¹ there was **only £127 million spent by local authorities on obesity prevention activities in 2014.**⁶² Moreover, spending on public health has been squeezed as part of the Conservative Party’s ongoing austerity measures. In June 2015 the UK government announced it was cutting £200 million from the following year’s public health grant, and in the Spending Review followed that up with an annual real-terms cut of 3.9% in council’s public health budgets over the next five years.⁶³

Valuable services are already being sacrificed. In Northamptonshire for example, the County Council have announced the closure of Nourish, an organization that supplies meals to 147 primary schools, two secondary schools and one hundred elderly recipients of ‘meals on wheels’.⁶⁴ For primary schools, which are obliged to provide meals under the Universal Infant Free School Meals policy, head teachers spoke out about the uncertainty, extra work, and potentially greater costs this decision has created (to say nothing of the 288 jobs lost at Nourish itself).⁶⁵

Will this constitute a long-term source of funding for public health programmes? Clearly the ambition is that the sugary drinks duty should act as a disincentive to consumption and reduce sales and thereby tax revenue. However, data on tobacco duties tells a different story. Between 1990 and 2013, the prevalence of smoking decreased from 30% to 19% of the adult population and the number of cigarettes they were smoking fell too.⁶⁶ Yet the revenue raised from duties increased from £5.6 billion to £9.7 billion; the increase being explained by the fact the duty was escalated.⁶⁷ Thus, it seems plausible that the two preventative benefits of a sugary drinks duty – reducing consumption and funding healthy lifestyles – could co-exist.

A final caveat that should be applied to a sugary drinks duty is to insist on a policy review clause after five years of operation. This is already a statutory requirement in the UK for measures that regulate business (excluding taxation and spending decisions) and so could easily be replicated in this case. The purpose would be to scrutinise the effects of the duty after a meaningful amount of time. Most obviously, the intended health effects should be subject to debate – not just regarding obesity

rates, but also those diseases like diabetes and tooth decay with which sugary drinks are thought to be associated independently of weight gain. Concerns raised by the food and drink industry, like job losses, should also be considered, though it is worth noting that the study mentioned earlier also concluded that “other factors play a more important role in the development of employment than the food taxes”.⁶⁸ And by the same token unintended *benefits* of the sugary drinks duty should be assessed, such as a reduction in the amount of plastic bottles and aluminium cans littered or sent to landfill.

A taxing question – how much should multinational corporations pay?

How to fund the UK’s healthcare system? A sugary drinks duty would make a small but significant contribution to this through preventative action intended to reduce demand for services. Modelling by Public Health England suggests that reducing sugar consumption to 5% of energy intake by the end of a 15-year period would save the NHS £396m *per year* aside from any beneficial effects coming from the way those taxes would be spent.⁶⁹ Another approach to tackling the funding gap would be to increase the general tax revenues out of which health care spending is taken. It is in this context that corporation tax is relevant. In 2012 BBC’s *Newsnight* reported that due to transfer pricing, that previous year Coca-Cola had paid an effective corporation tax rate of 13%, half the rate that most British companies were paying.⁷⁰ In 2014 the International Consortium of Investigative Journalists found that among other multinationals, PepsiCo had secured secret deals from Luxembourg’s tax officials so as to slash their global tax bills by moving declared profits into the country.⁷¹ Specifically in the UK, *The Sunday Times* reported that Mondelez International (formerly Kraft Foods) paid no corporation tax at all in 2014. Although Cadbury UK, one of its subsidiaries, made profits of £96m its associated tax bill was wiped out by using profits to pay off interest due on the unsecured loans taken out to buy the company in the first place.⁷² Such practices put complaints by multinational corporations about ‘unfair’ sales taxes in a different light.

Recommendation 2: Make the promotion of healthy and sustainable diets mandatory for food and drink corporations

In 2011 a flagship arrangement was launched to encourage companies to voluntarily assist in shifting the nation’s dietary habits. This was the UK Department of Health’s Responsibility Deal and it has not been a success. Its voluntarism was identified as a main weakness. Even the British Retail Consortium admitted that “to be effective, they [sugar reduction targets] need to apply to all food companies, which is why they need to be mandatory”.⁷³ In January 2016 it was reported that Ministers had ‘paused’ the Responsibility Deal and were set to replace it with a programme that poses a greater challenge to industry.⁷⁴ To resuscitate the Responsibility Deal whilst retaining what was good about it – the flexibility for companies to pursue different means of achieving the same goal – a governance framework based on the principle of experimentalism should be adopted. This would use mechanisms of peer-review and multi-stakeholder monitoring to discover how best to achieve the broad goal of promoting healthy and sustainable diets. Crucially, participation in the scheme plus meaningful revision in light of feedback must be mandatory. Refusal to adapt company policy in ways consistent with evolving industry standards should be averted by the threat of government sanctions.

Initially, as part of their membership of the Responsibility Deal major retailers and manufacturers operating in the UK signed up to a number of pledges. Some of these were incredibly vague, including pledges to “support and enable our customers to eat and drink fewer calories” and “do more to create a positive environment that supports and enables people to increase their consumption of fruit and vegetables”.⁷⁵ This resulted in a plethora of initiatives (see table below) centred chiefly on labelling and reformulation. Along the way, some companies found that there were in fact strong commercial incentives for change. For example, Tesco’s stated that it removed sweets and chocolate from the checkout not because of health campaigners *per se* but because a majority of their customers said they would prefer to avoid additional temptation at the till.⁷⁶ But despite these

realisations, the aggregate nutritional content of what people actually bought did not improve. In the year ending March 2014 the number of calories bought for home consumption by British households was 11.7% higher than in the same period in 2006, with the volume of sugar specifically up 10.9%.⁷⁷

Voluntary supermarket initiatives to promote healthy eating, 2011-2015

Initiative
Adopt the national front of pack nutrition information recommendation which details total amount of sugar
Reduce amount of added sugar in (selected) own-brand products
Increase the range of low- and no-sugar substitutes
Remove sweets from checkouts (often with exceptions for smaller branches)
Commit to the NFU's Fruit and Veg Pledge with targets to increase the percentage of seasonal British fruit and vegetables and market unusually shaped farm produce
Ensure that own-brand products are no more expensive than standard equivalent lines
Ensure a minimum of 30% of food promotions will be for healthy offerings
Target coupons at fruit and vegetables
Use logos to denote products that meet UK government nutritional guidelines on maximum calorie, fat, saturated fat, added sugar and salt levels
Offer prepared fresh fruit as part of lunchtime meal deal
Offer free fruit and vegetables for children to eat in selected stores
Refuse to sell added sugar versions of children's soft drinks including Ribena, Capri-Sun and Robinson's Fruit Shoot
Supply shopping lists instore to help customers with special nutritional needs, including those who are diabetic or seeking balanced nutrition in later years

Source: Various news sources and British Retail Consortium (no date) Obesity Steering Group – Contribution of the BRC. Available at: http://www.aomrc.org.uk/doc_view/9583-british-retail-consortium

The Responsibility Deal effectively sought to reform what people ate by identifying straightforward actions that could be taken by corporations and celebrating activity in this area (of which there was often less than promised). This unduly privileged means over ends. For example, whilst widening the range of low-sugar substitutes supermarkets were simultaneously offering more price promotions on soft drinks, confectionery and take-out savouries than on vegetables, fruit, eggs and dairy products.⁷⁸ The Chair of the Food Network within the Responsibility Deal, Professor Susan Jebb, ultimately acknowledged that:

“Through the Responsibility Deal discussions, I have to say that I was really struggling to think what it was, in a very precise, targeted way, that one would need to do, which would not lead to compensatory actions by manufacturers elsewhere”.⁷⁹

As opposed to this prescriptive approach, the government would be better off making meaningful action mandatory but leaving the exact set of policies to achieve this open-ended. Any company which sold over a certain amount of food and drink nationally would be obliged to join, thus ending the narrow focus on supermarkets by bringing in major chains of restaurants, cafes, and public sector contractors. The role of the Department of Health would be to oversee transparent reporting by companies and to establish robust systems of peer-review and multi-stakeholder monitoring using independent health, food and consumer groups. This would encourage mutual learning about what is commercially feasible whilst ensuring that meaningful efforts are made to encourage changes in consumption, using benchmarks or scorecards to track progress. To guarantee sincere involvement on the part of industry, the Department of Health should be given a series of powers. Those currently used by the UK Groceries Code Adjudicator provide one set of options: official recommendations on practices, naming and shaming through the media, and as a last resort, fines up to 1% of annual turnover.

This can be described as a form of ‘experimentalist governance’: a system of rule-making and revision managed through recursive review of implementation experiences in diverse contexts. Academic literature has found evidence of such arrangements furthering such broad goals as ‘safe food’ and ‘sustainable natural resources’ in a way that avoids the pitfalls of both light-touch regulatory voluntarism and command-and-control bureaucratic statism.⁸⁰ The key is to instil deliberative democracy at the core of the governance system, recognising that

actors “have to learn what problems they are solving and what solutions they are seeking through the very process of problem-solving”.⁸¹

Whilst the focus on the high-street chains that currently dominate food provision in the UK is understandable, there is a danger that other ways of feeding people are overlooked, and, with them, more effective, inclusive and enjoyable ways of instigating dietary change. To this end there are a plethora of organizational forms already in operation that could be reproduced at scale given appropriate support from central and local government. These include: food cooperatives that pool customer buying-power and order direct from suppliers, often specialising in fresh produce and staples; community kitchens and cafés that serve up inexpensive meals, sometimes from donated food or using voluntary labour; and physical and online marketplaces bringing local firms and farms together with consumers on a non-profit basis.

As well as appealing to people as *consumers* by offering value-for-money and qualitatively different foods, these alternative economic organizations also appeal to people as *residents*, creating the personal relationships at the core of community life. Something to this effect was proposed by Nourish Scotland in their idea of community food hubs, run as social franchises around a key shop like a bakery.⁸² Though it does not share their political commitment, the Scottish government’s Grocers Federation Healthy Living Programme has at least pushed to increase the availability of fruit and vegetables in convenience stores, particularly in deprived areas – an agenda that seems to have fallen to the wayside in Public Health England’s Change4Life campaign.

Another way of advancing dietary change is to think outside the market and de-commodify food and drink. Allotments are one way in which fresh produce is acquired without monetary payment. Given the focus on soft drinks, one proposal due much more attention is extending the provision of tap water. At present pubs and restaurants only have to supply free tap water if they serve alcohol, and even then only on request.⁸³ Why not offer table water as standard when people are eating in? Water fountains, too, are another way tap water could be provided. The Children’s Food Campaign has called for more drinking fountains to be installed in parks and playgrounds.⁸⁴ There are other places too where easy access to drinking water are remiss. A quick call to shopping centres in the Midlands – the Royal Priors in Leamington Spa, West Orchards in Coventry, The Bullring in Birmingham – revealed that none have water fountains, though plenty of places to buy sugary soft drinks.

Recommendation 3: Un-brand corporate social responsibility and feature different body sizes in food and drink advertising

The food and drink industry maintain that foods high in salt, sugar and fat can be enjoyed as part of a healthy diet and active lifestyle.⁸⁵ With respect to obesity, while this ‘calories in-calories out’ explanatory model is overly reductive,⁸⁶ the scientific consensus fully acknowledges that physical activity does shape the extent to which fat is accumulated on the body. To this end, food and drink companies have spent millions on sponsoring sports activities and other health initiatives under the rubric of corporate social responsibility (CSR). The Food and Drink Federation have said:

“We play our part with a range of activities, both in the workplace and in the community; from large UK projects in disadvantaged communities, to supporting local football teams, to encouraging cycling to work and organising employee sports competitions”.⁸⁷

Critics have called this disingenuous, intended to deflect from the companies own roles in producing obese bodies in the first place.⁸⁸ Yet the argument remains that in the absence of such funding, the facilities and encouragement to exercise and eat well may well be diminished. To cut this Gordian knot, such sponsorship should be

un-branded. This would demonstrate that it is being carried out because of genuine business ethics, and not as a form of insidious marketing or public whitewashing.

Perhaps surprisingly, un-branded CSR activities are actually quite common among the food and drink industry. For instance, Coca-Cola has worked with WWF to tackle the impacts of agriculture – including sugar beet farming – on chalk streams in south east England. Unlike their sponsorship of free activities in the ‘ParkLives’ programme, launched with a media fanfare by Jessica Ennis-Hill and followed by a heavily branded marketing campaign, in this case Coca-Cola simply reported their involvement in the chalk streams project on their websites.⁸⁹

Another example comes from PepsiCo. They have pledged to buy all their sugar from sustainable sources by 2020 but have kept their membership of Bonsucro, the leading body in global sugarcane certification, as very much a behind-the-scenes initiative. A final case is Danone’s ‘Eat Like a Champ’ healthy eating educational programme aimed at primary school children. Their classroom resource packs, designed to be in line with the Change4Life campaign, do not feature the logos of the company or its brands.⁹⁰

This is by no means an endorsement of the corporatisation of public life, which carries significant dangers such as the elevation of commercial interests over other, public interests. Rather, it is a simple recognition that it could at least do without the accompanying consumer-facing campaigns which create a halo effect around processed foods high in salt, sugar or fat. Is it really appropriate to have 7,000 junior football teams in the UK running around in kits featuring McDonald’s golden arches?⁹¹ Or breakfast clubs in primary schools encouraged to serve up Kellogg’s cereal rather than toast, porridge or fruit?⁹² Like the established practice of ‘un-tying’ aid in international development, it would be far better to un-brand such donations and lend support in the form of unrestricted grants.

More money still is spent by the food and drink industry in directly advertising their products. In 2014 in the UK, this reached an estimated £780m according to Nielsen Media Research, of which £256m was for products high in fat and/or sugar.⁹³ These adverts have so far escaped attention for their important cultural effects on body norms. In the same way that the fashion industry has a privileged influence on meanings of beauty, the food and drink industry occupies a critical position in determining social attitudes toward food and its physical embodiment.

Contrary to the prevalence of bigger body shapes in society – a quarter of UK adults are reckoned to be obese according to Body Mass Index measurement – companies have tended to omit them from their adverts. In a previous piece of research, my co-author and I found that none of the TV campaign adverts on the McDonald’s UK YouTube site nor any of those on Sainsbury’s YouTube site featured people who, in our opinion, looked obese.⁹⁴ These were adverts with an evident ‘everyday’ feel, which systematically excluded fat bodies. The same went for many examples of adverts in print media that we examined too. This marginalization lends tacit support to the belief that fat people are in some way errant, deserving of condemnation for having failed to control their size, and in this way exacerbates the problem of size discrimination.

One riposte might be that the food and drink industry is right to exclude fat people from their adverts as otherwise it might help normalise obesity and discourage people from losing weight. This is a spurious argument. Shame and stigma are widely recognised to be awful motivators for sustained behavioural change in relation to weight reduction and can even be counterproductive, discouraging people from exercising in public for instance.⁹⁵ While the strategy of stigmatization may have been successful in reducing smoking, it will not work in slimming bodies.⁹⁶

Adverse moral judgements about fat people can also be terrible for mental health. For instance, perceptions of weight discrimination in places like clothes shops or GPs’ surgeries have been found to strongly correlate with increased symptoms of depression.⁹⁷ In another piece of social science research, young adults spoke of the

acute discomfort and anxiety they felt in sites of food consumption like restaurants, cafés, and public eating spaces – hardly conducive to improving their general wellbeing.⁹⁸ And there are effects of stigmatisation that run far beyond health concerns. A recent survey of 1,000 UK businesses found that nearly half were less likely to hire obese applicants simply because of their appearance.⁹⁹

It is worth noting that the food and drink industry has a chequered record in how it has depicted other groups that have been subject to social discrimination. In the US PepsiCo was forced by public pressure to remove an advert dubbed “the most racist commercial in history” for playing on stereotypes of young black men as violent criminals, while the global head of beverage company SABMiller has openly criticised his own industry for being “dismissive and insulting” to women in their adverts for beer.¹⁰⁰

The proposal being made here is not especially radical: it is simply to include people of different shapes and sizes in advertisements, doing normal things. Responsible marketing is not just about restricting certain advertisements from young children – the focus of the Public Health England strategy – but about more fairly representing the people being advertised to.

Recommendation 4: Reform subsidies to sugar beet producers in the EU and support small-scale, mixed farming in the UK

To reduce the ubiquity of sugar in the UK diet via supply-side measures would require a change in the Common Agricultural Policy, which would then affect the EU sugar market as a whole. This is doubly challenging insofar as it is difficult to isolate a single crop like sugar beet through this approach. Nevertheless, there are a few remaining policy instruments used to directly manage the EU sugar market which could be reformed. One would be the voluntary ‘top-up’ payments currently given to sugar beet farmers in several EU Member States, totalling €176m per year. This is a subsidy which also makes it more difficult for the EU’s traditional sugarcane exporters in developing countries to compete in the EU. Removing this option would require agreement in Brussels in the post-2020 CAP negotiations. A more holistic strategy to shift the balance of food supply, and one more clearly within the capabilities of the UK government, would be to support the growth of small-scale and mixed farming domestically. This will help increase the provision of organic, seasonal and fresh food, whilst also supporting a greater number of rural livelihoods.

As noted previously, farmers growing sugar beet in the EU are now supported through direct payments, essentially being allocated an amount of money based on the area farmed. But in the course of the last round of CAP reform, it was agreed that Member States may grant *additional* coupled support to sectors deemed particularly important and in need of additional support to maintain current levels of production.¹⁰¹ Poland, Czech Republic, Italy, Spain, Romania, Croatia, Slovakia, Hungary, Finland and Greece have all notified the EU of their intention to take this option, to the tune of €176m each year between 2015 and 2020.¹⁰² This is thought to be worth around €6 per tonne of sugar beet produced, in a context where the minimum beet price is currently €26 per tonne.¹⁰³ This clearly undermines the EU’s stated intent to make sugar beet production more market-oriented by ‘decoupling’ support from particular crops. It also runs counter to their effort to create coherence between their agricultural and international development policies by denying fairer competition between beet and cane producers.

If a ‘sugar shift’ is to take place on the supply-side, then some beet processing factories may close and some farmers abandon beet for other crops or sell up altogether. This would not be a new process. Across the EU28 between 2004 and 2014, the number of farmers growing beet and the number of workers employed in the beet processing factories both fell by over 50% to 145,000 and 30,500, respectively (although sugar production itself fell by only 8.8%).¹⁰⁴ What is referred

to as ‘rationalisation’ has been the biggest reason for labour retrenchment in the sugar sector, not reduced production. All the same, it is important to consider how people could be assisted in moving out of the sugar industry. For farmers, advanced warning is key, along with assistance in selling off machinery specific to beet and access to credit for investment in alternative activities. For workers, retraining and decent redundancy packages are necessary.

What I am proposing here is not an argument *against* farm subsidies and agricultural market regulation: it is about trying to use them in ways lead to a healthier and fairer food system. Focusing on the UK, there have been many complaints that the government is not doing enough to assist new young farmers enter the market and that it has been openly bias against small-scale farmers. For example, DEFRA took the decision not to establish a Small Farmer Scheme under the CAP. Nor did they allow farmers with fewer than five hectares of agricultural land to apply for direct payments, cutting off 6,400 claimants at the stroke of a pen. At the other end of the spectrum, they have opted against tight restrictions on how much is paid to the very biggest farms. The ceiling in England has been set at €300,000 with payments over €150,000 subject to just a 5% reduction.¹⁰⁵

The Land Workers’ Alliance, a UK-based organization of small-scale farmers, has been sharply critical of this uneven playing field, even protesting outside a British Sugar factory which for them “exemplified the problems of industrial farming”.¹⁰⁶ To address this issue, they have put forward a number of policy proposals. As well as changes to the receipt of direct payments (known as Pillar 1 of the CAP), they also suggest that more money allocated to rural development (Pillar 2 of the CAP) and spent on infrastructure that supports small-scale farms like polytunnels, renewable energy installations, and local processing cooperatives and abattoirs. This echoes the point made in Recommendation 2 about supporting retail outlets that are better able to trade with smaller, local businesses. Another proposal is to halt the sell-off of county farms and re-empower local authorities to acquire land to rent for farming.¹⁰⁷ For its part, a review commissioned by DEFRA, the 2013 Future of Farming Review, also called upon local authorities to retain council farms, and for the government to support innovative finance schemes and business ownership models to help attract new entrants to the sector.¹⁰⁸

The choice between producing sugar or other foods should not be overstated. For instance, British Sugar has invested in the UK’s single biggest greenhouse, growing tomatoes by piping in heat and CO₂ generated from its sugar factory and using rainwater from its rooftops. This clever use of by-products shows the ability of corporations like British Sugar to adapt to changing market conditions and engage in their own ‘sugar shift’, reducing their financial dependence on sugar. That said, horticulture remains under-supported vis-à-vis arable farming and the UK continues to run huge trade deficits on fruit and vegetables. Moreover, there is a qualitative dimension to food and farming to consider too: policy should not just be geared to supplying greater quantities of a given commodity but about meeting a broader set of social needs – some of which, like sustaining diverse land usage and providing direct-to-market fresh food, are best met by small-scale mixed farming.

Recommendation 5: Pay a real living wage in UK-owned sugar companies and UK-based food companies

From the standpoint of international development, the UK’s relation to sugar is usually thought of in respect to trade. But just as important is business ownership. One of the most significant improvements that could occur in the sugar industry would be for Associated British Foods (ABF) to pay the living wage to its tens of thousands of employees in developing countries. As well as owning British Sugar and the Spanish-based Azucarera, ABF also has a majority share in African-based Illovo Sugar and joint ventures in the Chinese sugar industry. Industrial relations at British Sugar are by all accounts well managed, and the terms and conditions of work considered decent.¹⁰⁹ In Africa by contrast, industrial relations appear much more

divisive, with major strikes happening in recent years. Introducing a living wage would assuage some of these concerns and build on the progress Illovo is making in respect to other issues like land rights.

In the UK meanwhile, low wages are a problem across the food sector. Almost half its employees, around 1.7 million people, are paid less than a living wage: over twice the proportion in the UK as a whole.¹¹⁰ As identified in the Marmot Review *Fair Society, Healthy Lives* “fair employment and good work” are one of the key policy objectives for addressing health inequalities; a sentiment echoed by the Faculty of Public Health in their call to pay a living wage.¹¹¹ It is not only people’s role as food and drink consumers that is important, but their role as producers too.

In 2015 ABF’s African sugar producer Illovo employed over 12,000 people on a permanent basis and over 20,000 on a seasonal, fixed-term basis.¹¹² In Malawi, it is the biggest private sector employer in the entire country. According to Illovo’s own 2014 Annual Report, it made sure that all employees in Malawi were paid more than the national minimum wage (then MWK 551 per day, or US\$1.28) and the World Bank’s poverty line of US\$2 per day. However, research on the living wage undertaken for a coalition of certification bodies including Fairtrade International, Sustainable Agriculture Network/Rainforest Alliance and UTZ Certified found that in rural Malawi US\$3.60 was necessary to cover a low-cost nutritious diet, basic housing, and other essential expenses like school fees and medical costs.¹¹³ This is one of the most rigorous and objective studies on the living wage to date.

Illovo do spend additional money on in-kind benefits to their employees which must be factored in. One problem, though, is that these are not distributed equally. Out of Illovo’s 11,500 employees in 2013 only 9,000 were covered by health care support like clinic access, 5,700 by housing benefits, and 400 by educational allowances.¹¹⁴ Typically it is the better paid employees also get better benefits. Seasonal field workers and service workers like cleaners hired by contractors are likely to be the ones missing out. Moreover, the living wage report cited above suggests that such in-kind benefits would only discount the amount needed to around US\$2.80 per day. This is still in excess of what Illovo report its lowest-paid employees as earning.

In fact, even this amount must be scrutinised further. In 2014 a journalist writing in *Equal Times* reported that a seasonal worker was being paid only US\$1.40 per day for cutting an area of sugarcane measuring 40x35 metres, about half a football pitch. Not only is this wage below the minimum that Illovo cite, but it is an incredibly demanding piece-rate target that raises questions about the amount of work required to meet the company’s basic wage.¹¹⁵ Accounting figures suggest Illovo does have the financial resources to do raise its daily wage a dollar more. In 2014 they declared an operating profit in Malawi of MWK 18.816 billion, around US\$40 million.¹¹⁶

UK-based NGOs and trade unions could help workers in such situations by exploring a sugar equivalent to the successful organisation Banana Link.¹¹⁷ This has supported reform to the trade system to give farmers fairer prices, alongside education of workers and dialogue with other stakeholders in the sector. This is to ensure that *everyone* gets to make a decent living out of the crop and that dangerous and environmentally damaging agrochemical usages are phased out. In this way, the institution can support broader vision of sustainable development and do so in partnership with people directly involved in the industry.

In the UK, an initiative led by Citizens UK called the Living Wage Foundation offers an alternative institutional form through which to engage employers and the wider public around issues of pay and conditions. Like the study in Malawi cited above, they have set their living wage against the cost of living. This is in contrast to the Low Pay Commission, which sets the rate for the government’s national minimum wage and its forthcoming (and so-called) ‘national living wage’ based on an estimation of what the market can bear. The Living Wage Foundation has thus set its

wage at £8.25 per hour and £9.40 in London, compared to the government's 'living wage' rate of £7.20 per hour and which only applies to those aged 25 and above.¹¹⁸

Demonstrating leadership in the food sector, Nestlé was the first major manufacturer to become Living Wage accredited in UK in 2014, putting an effective wage floor underneath its 8,000 employees in the country. In November 2015 Unilever joined; a decision that immediately benefited 500 indirectly employed and outsourced workers including security, canteen and cleaning staff. It also committed Unilever to working with key suppliers to encourage a living wage approach in their businesses as well.¹¹⁹ Retailers like Lidl and Aldi have since committed to paying the rate set by the Living Wage Foundation too.

This is not just an approach taken by large multinationals. Smaller companies like the ready-meals manufacturer and retailer COOK have also become accredited. What Living Wage Foundation accreditation demonstrates very visibly is that higher minimum wages and business competitiveness are not mutually exclusive – a pathway that other companies in the food sector must be encouraged to take.

One way to do this would be to include in the Government Buying Standards a requirement for larger companies to pay a real living wage. The rules governing public procurement are being seen as an under-exploited way to drive change. The UK Health Forum has suggested that they be strengthened to limit the amount of sugary foods and drinks that can be bought with taxpayer money and widened to cover more state providers than just central government departments.¹²⁰ The Chief executive of the NHS Simon Stevens has recently announced that hospital contracts for vending machines and shops will require high-sugar drinks and snacks to be sold at a higher price or not at all.¹²¹ Adding living wages alongside existing criteria in the Government Buying Standards such as ethical sourcing would give the £2.4 billion spent on public sector food and catering a year a much more progressive impact.

Recommendation 6: Advance a Global Convention to Protect and Promote Healthy Diets in the World Health Organization

While debates in the UK over *domestic* health policy have rightly brought processed food and drink to centre stage, *internationally* the focus has been elsewhere. The Department for International Development's headline initiative, the Global Nutrition for Growth compact, has directed aid and attention to under-nutrition in very young children. A broader stance on malnutrition should be taken by recognising the dangers posed to children and adults by unhealthy diets. For this is not just a problem in the wealthier West. In Mumbai for instance, the Indian government has reported that 25% of children aged 0-6 suffer from high levels of acute malnutrition; a problem not attributed to a lack of food or absolute poverty but to the reliance of children on a diet of 'fun-size' snacks purchased from roadside vendors.¹²² Poor diets can also manifest themselves in bigger body sizes, and in absolute numbers, it should be noted there are now more overweight and obese children living in low- and middle-income countries than in higher-income countries.¹²³ To this end, the UK government and civil society groups concerned about the global spread of non-communicable diseases linked to processed foods should back the introduction of the Global Convention to Protect and Promote Healthy Diets in the WHO.

While the aggregate consumption of sugar has plateaued in North America and Europe, in other regions it is growing fast. Data from the International Sugar Organization shows that in absolute volumes, consumption between 2008 and 2014 increased most in Asia (by an extra 9.29 million tonnes) and in Africa (by 2.9 million tonnes).¹²⁴ This trend is visible in Coca-Cola's sales figures, which between 2008 and 2013 grew 5-7% in their regional divisions of Africa, the Middle East, Russia, South and East Asia, and Latin America. In contrast, the number of bottles sold in North America and Europe barely budged.¹²⁵ As happened with smoking – tobacco consumption also being spearheaded by multinational corporations – limited growth



of sugary foods and drinks in one part of the world is being offset by rising sales in other parts.

The changing nature of diets in developing countries – what some epidemiologists call a ‘nutrition transition’ – is reflected in the growth of non-communicable diseases (NCDs). These are the leading cause of mortality in the world, killing 36 million people in 2008, mostly in poorer countries. According to the WHO, unhealthy diets are one of the key contributors to the four major risk factors of these diseases, which are increases in blood pressure, in blood glucose, cholesterol and body fat.¹²⁶ Responding to this global challenge, the World Health Assembly adopted the WHO Global Strategy on Diet, Physical Activity and Health in 2004. This called upon stakeholders to take action at global, regional and local levels to improve diets and physical activity patterns at the population level. In 2013 this was followed up by the WHO Global Action Plan for the Prevention and Control of NCDs, which went further in highlighting policy options for national governments and stipulating voluntary targets for them to meet.¹²⁷

To build on this momentum, two civil society organizations – Consumers International and the World Obesity Federation – drafted a putative Global Convention to Protect and Promote Healthy Diets that could be adopted by WHO member states. This was modelled on the 2005 WHO Framework Convention on Tobacco Control, which legally bound its signatories to implement measures such as providing health warnings on packets, restricting sales to minors, and raising public awareness about the consequences of smoking.

The Convention on Healthy Diets has twelve articles, the key obligations of which are detailed in the box below. The intention is to drive adoption of a comprehensive range of policies needed to tackle preventable NCDs. For instance, a multi-country study in South and East Asia by Consumers International found that around half of the television adverts screened to children were for food products, mostly those of little nutritive value, and that the majority of children believed these were fit for frequent consumption.¹²⁸ These kinds of practices reiterate the point that increased sugar consumption is not an inevitable outcome of rising purchasing power in developing countries: it is actively encouraged by those who would profit from it. Again, the role of multinational corporations cannot be overlooked here. In their 2014 submissions to the Securities and Exchange Commission, both Coca-Cola and PepsiCo report global advertising spends of over \$3 billion each. Indeed, if sales incentives, discounts and other promotions are included as well, the figure is higher still. PepsiCo valued its entire marketing operation at an astonishing \$35.8 billion.¹²⁹

Recommendations for a Global Convention to Protect and Promote Healthy Diets: signatories would be legally bound to implement policy in the following areas

- a. Food and beverage dietary guidelines and classifications – e.g. establish and implement national evidence-based nutrient recommendations
- b. Education, skills, communication and public awareness – e.g. introduce food and nutrition knowledge and skills training in primary and secondary school education
- c. Provision of nutrition information – e.g. energy content, fat, saturated fat, sugar and salt levels are clearly labelled and highly visible on the front of the packaging
- d. Ensuring responsible food and beverage advertising, promotion and sponsorship – e.g. restrictions and control of which health and nutrition claims are permitted for use
- e. Controls on advertising, promotion and sponsorship to children
- f. Improved nutritional quality of foods and reduced levels of potentially harmful nutrients
- g. Nutritional standards for food services in schools, hospitals and public institutions
- h. Economic, planning and licensing measures – e.g. subsidies or other schemes to improve access to specified foods or food categories consistent with national dietary guidelines

As noted above, the Global Nutrition for Growth compact has paid little attention to unhealthy diets, focusing instead on providing vitamins and fortified and calorie-dense foods to people suffering acute hunger, developing seeds of ‘bio-fortified’ crops to sell to farmers, and encouraging breastfeeding and improved hygiene practices.¹³⁰ In 2013, at a summit hosted by DFID, the Brazilian government and the Children’s Investment Fund Foundation, pledges of £2.6 billion were made for such nutrition programmes until 2020.

One of the key donors in this public-private programme has been the Bill and Melinda Gates Foundation, which in 2015 announced it would double its investments in nutrition to \$776 million over the next six years, thereby unlocking an additional \$180 million from DFID in matching funds. Despite, or rather because of the largesse of the Gates Foundation, global health experts and social justice campaigners have noted that it has a distorting effect on policy priorities and a complex relationship to those companies implicated in the production of ill-health.¹³¹ Pertinent here is the Gates Foundation stock shares in Coca-Cola (\$547 million), Wal-Mart (\$996 million), and through its \$11.8 billion holding in Berkshire Hathaway, further *de facto* stakes in Coca-Cola and Kraft-Heinz.¹³²

DFID should remain cognisant of the very real health risks posed by poor diets and promote the Global Convention in the WHO. This is a call already made by the British Medical Association and supported by the UN Special Rapporteur Olivier de Schutter who has rightly noted that “Governments have been focusing on increasing calorie availability, but they have often been indifferent to what kind of calories are on offer, at what price, to whom they are made available, and how they are marketed”.¹³³ DFID should bring the Convention and the underlying concerns to the next summit meeting of the Global Nutrition for Growth compact, scheduled for Rio de Janeiro in 2016.

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