

Are you BEACH ready?



Sebastian Emig looks at what's on the menu in the run-up to the holiday season, with a possible trade war, concerns over alleged dual quality and the spectre of discriminatory food taxes all to be faced before anyone can relax

SUMMER is approaching, and many of us are trying to get in shape for the beach. Apparently, there is a new sort of snack that might help you look even better than you already do. What is this wonderful new invention you ask? Collagen snacks.

You heard correctly: it is a savoury snack product that boasts an extra dash of collagen to keep your skin looking young.

So what else do we have on the menu for the coming months?

ECONOMIC WARFARE

Recent action from the Trump government to impose tariffs on steel and aluminium products originating from abroad didn't go unnoticed by the EU. The European Commission has launched a consultation on possible EU commercial retaliation measures; however, it wants to avoid or minimise any negative impact on downstream industries, contracting authorities or entities, or final consumers within the EU.

Without a doubt, our members producing nut mixes are concerned with regards to the import of dried fruit - especially dried cranberries, of which 72% were imported from the US into the EU in 2016. The Secretariat drafted a reply to the consultation - underpinned with solid figures - to underline that any tariff, quota, or other commercial measure on this raw material would have a significant economic and legal impact on our sector.

What the next move of the American president will be, we will have to wait and see. Maybe he will continue to focus on internal opponents such as Amazon and the threat of a global economic war will recede. Whatever happens, we will continue to support measures that will help our members to keep making and selling their products with as few obstacles as possible.

ALLEGED DUAL QUALITY - QUO VADIS?

I'd like to return to the topic of the alleged dual quality of products in different European markets and give a short update on where we currently stand and what's likely to happen next.

As I've mentioned before, some opinion-formers in a few Eastern European countries believe that the non-food and food industries sell branded products in their countries that are a lower quality than products sold under the same name and enjoyed by consumers in West European countries.

The European Commission, fearing a major outbreak of anti-European sentiments, put the topic high on the political agenda and has mandated the Commission's Joint Research Centre (JRC) to develop a methodology to improve food product comparative tests so that Member States can discuss this issue on a sound and mutually agreed scientific basis. At the time of writing, a blueprint for EU-harmonised testing was expected in April, with actual testing set to begin in May 2018 and continue until the end of the year.

Furthermore, the European Commission has pledged to provide further guidance to national authorities to support a better implementation of the Unfair Commercial Practices Directive (UCPD) when it comes to alleged dual quality. The Commission also scheduled the publication of two proposals for Directives in April, including one that deals with targeted amendments to EU consumer laws such as the UCPD. To what extent the topic of alleged dual quality will actually be included in the proposals remains to be seen. ESA has worked via FoodDrinkEurope (FDE) to highlight that the legal situation for food manufacturers remains unclear at the moment. This would make it difficult to

implement and enforce such a law as things stand.

Since the topic is highly political, you can imagine that the European Parliament wants to add its voice to the debate, in addition to those of concerned Member States and the European Commission.

Some Members of the European Parliament (MEPs), mostly from Eastern European countries, are very vocal on the issue of dual quality and are leading the charge within the different committees involved. The Internal Market and Consumer Protection (IMCO) committee has the lead, while the Environment, Public Health and Food Safety (ENVI) committee has the exclusive food competence on the file. We understand that it's unlikely that industry's perspective will be taken into account, owing to the lack of proper substantiation of arguments. Together with other sectors, ESA will make sure that the results of existing tests are considered - all of which show no dual quality in our products in terms of nutritional composition or texture/flavour profile - and that this will feed properly into the policy-making process.

MORE FEATHERS, LESS HISSING

The art of taxation consists in so plucking the goose as to obtain the largest possible amount of feathers with the smallest possible amount of hissing, Jean-Baptiste Colbert once famously said. And it seems that in the current improving economic climate, politicians are becoming more creative in their plucking.

From an economist's perspective, the best tax is the one that causes the least disruption to existing market activities. Most people would agree that it is better to tax luxuries rather than essentials, and it is better to tax the rich than the poor. If you are a politician,

the best tax is the one that is least unpopular.

A large body of economic evidence shows that consumers respond to taxes in a number of ways when shopping for food. Most people do not change their shopping habits and simply take the hit. Some people purchase cheaper brands and shop in cheaper stores. Others switch to untaxed substitutes that are equivalent in nutritional terms. People respond to incentives, but not usually in the way the government intends. As a consequence, the effect on their calorie intake is negligible and the effect on their waistline and other health outcomes is non-existent.

Regardless of all the facts, there are still institutions such as the WHO that strongly support taxation as a best option for countries looking to tackle non-communicable diseases (NCDs). In 2017, the WHO Regional Office for Europe published a policy paper on 'Incentives and disincentives for reducing sugar in manufactured foods', which presents the results of a food supply chain analysis that explores initiatives and disincentives to use sugar in manufactured foods. The report also suggests policy interventions to reduce the demand for sugar.

Even though the WHO has presented no evidence that taxation is

an effective intervention, WHO strongly advocates for the implementation of fiscal measures on food and beverages high in salt, sugar and fat. At the same time, the WHO recognises that there's a clear evidence gap in quantifying the impact of a sugar-sweetened beverages tax on improving weight outcomes and other diet-related risk factors.

To me, this is indeed very strange. You perform a thorough analysis of the effects of a class of instruments and you conclude that one specific instrument doesn't seem to work. On top of that you acknowledge that more data is needed to analyse the performance. Then you simply disregard your own research and advocate for using those instruments.

In a similar head-scratcher, the 2014 European Commission report on food taxation finds that how consumers react to food taxes remains inconclusive.

However, we were recently made aware of the Commission organising specific workshops on reformulation and on food taxation, and Health Commissioner Andriukaitis asking mid-March during a Citizens' Dialogue debate for an EU framework covering in particular food taxation...

It seems – regardless of its own recent meta-analysis – the Commission is keen to continue pushing this topic.

Regardless all of these

developments, ESA will stick to its guns. Our understanding is that the development of NCDs is very complex and multifactorial. Therefore, appropriate preventive measures have to be based on reliable scientific data. Classifying individual foods as "healthy" or "unhealthy", as well as regulatory measures such as taxes and advertising bans are not suitable ways of solving the complex issue of NCDs.

ESA GOES LIVE ON TWITTER SOON

We are pleased to announce that you will soon be able to follow us live on Twitter! Having done a thorough SWOT analysis of social media use for sector associations in Brussels, the Board has decided that ESA will become a vivid member in the social media sphere. In the run-up to our Share-A-Snack event in front of the European Parliament on 28 June, we will take the plunge and chirp our first tweet. Watch this space! ■

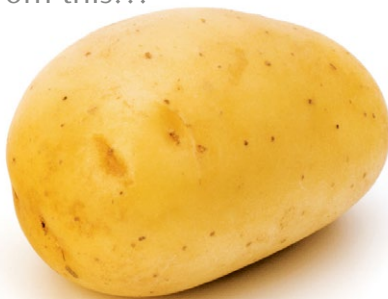


Director General Sebastian Emig*
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Product in Seal?



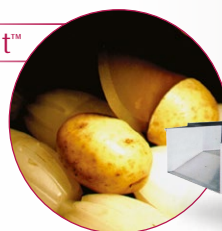
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