



**The International Food & Beverage Alliance**  
**Submission on the WHO Interim Report of the Commission on Ending Childhood Obesity**

The International Food & Beverage Alliance wishes to thank the World Health Organization (WHO) and the Commission on Ending Childhood Obesity (ECHO) for the opportunity to participate in the first round of consultations with civil society and the private sector held in October 2014, and to provide comments on the recently published Interim Report of the ECHO.<sup>1</sup>

**GENERAL COMMENTS**

We all recognize that childhood obesity is a serious and complex issue influenced by a variety of factors and sectors. We share the view of the WHO and the Commission that prevention and treatment requires a whole-of-society approach and consistent and coordinated multi-sectoral and multi-stakeholder approaches. We too, believe that real progress can be made by constructive, transparent engagement between government, the private sector and civil society. As responsible companies, we know that our businesses must play a pro-active role and have committed time, resources and expertise to do our part.

Unbalanced diets are recognized as a key factor in childhood obesity, among other lifestyle, genetic and environmental factors. We support the Commission's goals of addressing the obesogenic environment, including improving healthy eating and physical activity behaviours.

We are also pleased to note that a number of the proposed policy options contained in the Commission's Interim Report we support, and have been implementing on a voluntary basis since 2004. These actions on product formulation, nutrition labelling, responsible marketing, promotion of balanced diets and healthy lifestyles form the core of the 2008 commitments made by our CEOs to the WHO in support of the WHO *Global Strategy on Diet, Physical Activity and Health*. There are, however, other proposed policy options in the Interim Report we suggest be approached with great caution on the basis that they either go further than the evidence would support at this time, for example, fiscal policies such as taxes on food and non-alcoholic beverages.

We are committed to working with WHO and governments in fighting obesity. We share a common vision of the problem and aim to be part of the solution. We recognize that policy creation is the exclusive prerogative of governments. However, we do engage in important dialogues on business, consumer insights and public-health related issues with governments, and we welcome the

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<sup>1</sup> IFBA is a group of eleven companies – The Coca-Cola Company, Ferrero, General Mills, Grupo Bimbo, Kellogg's, Mars, McDonald's, Mondelēz International, Nestlé, PepsiCo and Unilever – who share a common goal of helping people around the world achieve balanced diets and healthy, active lifestyles.

Commission's view that an opportunity exists for constructive engagement with the private sector in implementing and supporting healthy lifestyle policies.

## THE CONSULTATION QUESTIONS AND RESPONSES

### 1. Are there issues or strategies that have been overlooked in the Commission's interim report?

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We believe a whole-of-society approach directed at empowering consumers to lead healthy lifestyles is critical to the prevention and treatment of obesity. We cannot force people to eat a balanced diet or live a healthy lifestyle, but collectively we should be able to empower them to make the right choices for themselves and their children. Strategies to address this should be considered.

The WHO *Global Action Plan for the Prevention and Control of Noncommunicable Diseases 2013-2020*, proposes policy actions to promote physical activity, including to "develop appropriate partnerships and engage all stakeholders, across government, NGOs and civil society and economic operators, in actively and appropriately implementing actions aimed at increasing physical activity across all ages." We are committed to working in collaboration with governments and civil society as well as the private sector representing the fitness and physical activity sector, high tech, communications and transportation sectors to help implement actions aimed at reducing the prevalence of insufficient physical activity and recommend that multistakeholder strategies to address this policy objective, particularly as they relate to children, be considered in connection with *Policy options for strategic objective 1b*.

- a) The Interim Report suggests that regulatory and statutory approaches are needed to ensure that all forms of marketing to children are covered (*para. 39*). We recognize the implicit advantages in a statutory response when it comes to ensuring there is an effective level playing field across the whole industry. However, we believe self-regulation has its place in the policy mix and further consideration should be given to the benefits of voluntary initiatives and industry-led self-regulation. Self-regulation is cost-effective, measureable, flexible and can quickly respond to societal concerns. Industry-led self-regulation, has formally been recognized as a means of implementing the policy objective of reducing the impact on children of the marketing of foods high in fat, sugar and salt in the 2010 *WHO Set of Recommendations on the Marketing of Foods and Non-alcoholic Beverages to Children*.

In 2008, IFBA members voluntarily adopted an approach restricting how and what they advertise to children globally. This approach promotes product innovation, reformulation and choice; and through education and communication promotes the benefits of healthy diets and physical activity among children – in line with the Commission's goal of achieving healthier eating norms and behaviours (*para 40*). This approach was also designed within a framework in which robust industry-

led standards are combined with regional and national regulatory bodies to create a system responsive to the unique needs of different nations.

In 2010, the global policy was expanded to schools with IFBA members committing not to engage in any food and beverage marketing to students in primary schools except where specifically requested by, or agreed with the school administration for educational purposes – in line with the Commission’s goal of eliminating the sale of unhealthy foods in schools (*Policy options for strategic objective 1a, viii*).

In 2011, the policy was strengthened to cover more television programming and improve coverage in the online world. And in 2014, we announced a further strengthening of the policy, which will come into effect globally by the end of 2016: i) to extend the scope of media to cover more forms of marketing communications; ii) to cover the use of certain marketing techniques; and iii) to establish common nutrition criteria in other countries and regions around the world.

Our approach to responsible marketing - and the changes we have made - demonstrate our continued commitment to strengthen and adapt self-regulatory measures to changing needs. This self-regulatory approach has been welcomed by regulators as effective in helping to drive change in the marketplace and in improving the nutrition of foods marketed to children.<sup>2 3 4</sup>

- b) Policy options need to utilize sound scientific evidence to inform their decision-making process. The Commission’s view that the “effectiveness of taxation measures to influence consumption are well-supported by the available evidence” (*para 41*) raises concerns. To the contrary, many scientific studies suggest the effectiveness of such taxes in discouraging consumption of foods and non-alcoholic beverages high in fat, sugar and salt is uncertain.

One of the most comprehensive reviews of academic research in this area shows that a tax would have uncertain consumption outcomes at best and concludes:

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<sup>2</sup> In June 2013, Tonio Borg, European Commissioner for Health and Consumer Policy endorsed the achievements of the EU Pledge, “One excellent example of a commitment emanating from the Platform is the EU Pledge, whereby 20 leading food and beverage companies have committed themselves not to advertise to target children below the age of 12. The effectiveness of the Pledge is made evident by the latest monitoring report – which you saw yesterday – which showed a downward trend in children’s exposure to food advertising.”

<sup>3</sup> European Parliament resolution of 22 May 2013 on the Implementation of the Audio-Visual Media Services (AVMS) Directive (2012/2132(INI)), welcomed advertising self-regulation as a complement to regulation and recognized the efforts of the food and beverage industry on marketing to children in the context of the EU Pledge and the industry’s commitment to the EU Platform on Diet, Physical Activity and Health.

<sup>4</sup> Federal Trade Commission, *A Review of Food Marketing to Children and Adolescents: Follow-up Report*, December, 2012, 4. The FTC noted the overall improvement in the nutrition of products offered to children and said: “[It] believes that food industry self-regulation is beginning to bring about important changes in the marketing of foods to children under 12. The Commission encourages companies to continue to enhance and expand upon these efforts.”

*What does this leave us with for evidence of policy? Well, it tells us that we do not really know how a population would respond to a tax on foods.*<sup>5</sup>

An academic review of two reports published in France highlighting the public health problems linked to obesity and recommending a set of solutions, including tax measures, concluded that:

*The impact of taxes in reducing the consumption of nutritionally poor foods is uncertain. While the goals may be laudable (though this is questionable), there is a major risk of applying additional constraints on economic activity without getting the expected public health benefits...*

*Nutrition taxes are a rudimentary tool that makes no distinction between individuals who consume saturated fats in moderate quantities (and who should not be subjected to taxation) and those who abuse them. Moreover, instituting tax levies has high economic costs...*<sup>6</sup>

Others argue that fat taxes would be uneconomic, ineffective, discriminate racially, encourage rent-seeking behavior and result in various unintended consequences and that greater progress can be made by the private sector:

*The rise in obesity prevalence and the associated increase in obesity related health costs increase incentives for private industry to find ways to reduce obesity prevalence. Private industry has, indeed, responded to the obesity challenge by providing a variety of measures to reduce weight and increase physical fitness. The response of private enterprise to the obesity epidemic is more likely to move economics to increased welfare outcomes than is government intervention.*<sup>7</sup>

Nor is there sound evidence to show that food taxation will achieve behaviour change or improve consumers' access to healthier foods. To date, fiscal policies such as taxes and subsidies have been driven primarily by a need to raise revenue or increase supply rather than to change population behavior.

In the OECD's 2012 *Obesity Update*, the authors concluded that:

*It is difficult to predict how consumers will react to price changes caused by taxation. Some may respond by reducing their consumption of healthy goods in order to pay for the more expensive unhealthy goods, thus defeating the purpose of the tax. Others may feel substitutes for the taxed products, which might be as unhealthy as those originally consumed.*<sup>8</sup>

The results of European Union public opinion research on policy measures to address childhood overweight and obesity, showed strong support for education and increased physical activity and very little support for imposing taxes on unhealthy food:

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<sup>5</sup> Corinna Hawkes. "Food taxes: what type of evidence available to inform policy development." *Nutrition Bulletin*, Vol. 37, 51-56. (Feb 10, 2012): 54

<sup>6</sup> Institut Économique Molinari. "Nutrition taxes: a broken tool in public health policy." *IEM's Economic Note*, September 2014

<sup>7</sup> Barrie M. Craven, Michael L. Marlow, and Alden F. Shiers. "Fat Taxes and Other Interventions Won't Cure Obesity." *Economic Affairs*, Vol. 32, Issue 2, 36-40 (June 2012)

<sup>8</sup> OECD, *Obesity Update*, (2012): 4

*Our results suggest strong consistency among EU countries in support for two policies: providing information to parents and more physical activity in schools. For improving children's diets, our data show widespread support for providing parents with information, education programs in schools, and restrictions on advertising. For reducing childhood obesity, more physical activity in schools received the most support followed by education and advertising restrictions. There was very little support for imposing taxes on unhealthy food.*

*In the survey, tax increases were overwhelmingly rejected, receiving only 2.8 per cent support. Sixteen countries had 2 per cent or less support for this measure.<sup>9</sup>*

Further work to assess the impact of food taxes on diet, obesity and public health must be undertaken before a policy option is recommended. IFBA supports continued exploration and research on the impact of a variety of fiscal measures, including taxes as well as positive incentives, in an effort to positively affect public health.

## **2. How can your sector/entity contribute to the proposed policy options to end childhood obesity?**

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We believe our core contribution towards ending childhood obesity is based on promoting balanced diets and healthy active lifestyles through meaningful actions in the following areas:

- **Product formulation and innovation:** To continuously improve our food and beverage offerings creating products that offer healthier options with more whole grain and fibre, more calcium, vitamins and minerals, more low-fat dairy, more vegetables and fruit, reduced sodium, less fat, less sugar and fewer calories. To help consumers to balance their diets, we will offer more portion-controlled options, including low- or no-calorie options and provide clear portion guidance to help consumers meet their daily nutrient needs.
- **Consumer information:** To inform our customers objectively about the nutritional characteristics of our products and their place in the diet. We support the notion of a standardized and transparent system of food labelling and will be rolling-out by the end of 2016 a consistent nutrition labelling approach globally, providing information on key nutrients of public health interest on-pack, in line with CODEX, as well as including calorie on front-of-pack.
- **Responsible Marketing:** To market our products responsibly, discouraging excessive and unbalanced consumption, applying particular care with regard to children. By the end of 2016, we will: i) expand our existing commitments to cover significantly more media; ii) work to ensure that companies do not use marketing techniques in ways that are primarily directed to children under 12 for products that not meet better-for-you nutrition criteria; and iii) in an

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<sup>9</sup> Suzanne L. Suggs and Chris McIntyre. "European Union public opinion on policy measures to address childhood overweight and obesity." *Journal of Public Health Policy* 32, 2011.

effort to enhance and expand regional and national pledges, harmonize nutrition criteria as they have done in the EU and U.S.A. pledges.

- Consumer education: To promote balanced diets and healthy lifestyles in communities around the world and among our workforce.

### **3. What are the important enablers to consider when planning the implementation of these proposed policy options?**

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- The Commission’s recommendations for the prevention and treatment of childhood obesity are based on a whole-of-society approach. We embrace such an approach but believe, in order to activate actions in an expeditious fashion, further work is necessary to provide guidance on how to foster joint work across sectors, particularly beyond the health sector and to define what a whole-of-society approach will mean in practice. Governments must take the lead on this in order to articulate and implement comprehensive strategies appropriate for their national priorities and circumstances.
- Outdated or confusing definitions, for example, “healthy” and “unhealthy food”, “processed” and “ultra-processed” can cloud the relationships between the WHO, governments, civil society and industry. Clear and unambiguous definitions, based on sound science, will lead to better health and risk communication. In addition, we believe a more holistic approach is necessary with greater emphasis placed on strategies to address unhealthy diets and unhealthy lifestyles as a whole.

### **4. What are the potential barriers to implementation to be considered for these proposed policy options?**

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Since 2004, IFBA members have been steadily reducing or removing key ingredients of public health concern – salt, sugar, saturated fats and trans fat – and increasing beneficial ingredients – fibre, whole grains, fruits and vegetables and low-fat dairy. We are fortifying, as appropriate, commonly consumed foods and beverages with vitamins and minerals to address micronutrient deficiencies. We are reducing calories by offering smaller portion sizes and providing portion guidance. The progress we have made is substantial – reformulating and developing tens of thousands of products offering more options to suit dietary needs – and our work continues.

However, there are a number of scientific, technical and consumer barriers we face as an industry to the policy options recommended by the Commission to reduce the intake of unhealthy foods and non-alcoholic beverages and promote the intake of healthy foods by children and adolescents:

- Technical barriers: As demonstrated by our actions, we have been improving the formulation of our products, reducing nutrients of public health concern and increasing components considered beneficial for good health. But, there are clear limits in different product categories. While we have virtually eliminated industrial trans fats, there are limits to saturated fat reduction, primarily due to the nature of some ingredients such as milk, cheese and many sources of animal protein which are natural carriers. For example, reducing saturated fats in processed foods, particularly in baked goods and confectionary products – while maintaining shelf life and an appealing appearance, texture and taste is challenging. There is no one size solution and each option needs to be applied differently to each food product. Switching ingredients or developing alternatives is a complicated process requiring a long-term plan, requiring deeper insights into the limitations of science, sourcing and manufacturing processes. Regardless of these challenges, IFBA members continue to pursue new opportunities for nutritional improvements with rigor.
- Consumer acceptance: There are always challenges in terms of palatability and convenience. Research reveals that price and taste generally trumps health as the most important drivers for consumers' purchases. Half of the people in the world would not give up taste for health; and a third would not give up convenience for health.<sup>10</sup> Palatability cannot be compromised as most consumers will not accept, for example a reduced salt variant and simply switch to another product with a less desirable nutritional composition – or add the salt back at the table. Therefore, most companies employ a gradual and incremental approach, weaning consumers off the taste of salt or over time.
- Consumer behavior: While we can seek to improve our products, market them responsibly, improve nutrition labelling and consumer communications, none of this guarantees that our products will be consumed as they are intended to be. Motivating a change in consumer behavior towards a demand for products with improved nutritional profiles is critical.
- Regulatory obstacles: Regulatory frameworks are not always supportive of innovation. For instance, the combined use of sugar and alternative sweeteners and food and beverage products, aimed at reducing overall sugar content and calories value is not allowed in some countries despite the demonstrated safety of such formulations which are well accepted in many markets. More generally, innovation requires a regulatory framework that incentivizes it, with regard, for example, to the ingredient reduction thresholds that need to be attained in order to indicate this reduction on product labels.

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<sup>10</sup> Unilever, *Health focus, consumer research study*, unpublished, 2010.

- Food environment: Consumers have access to food and beverages well beyond the retail/grocery environment. Restaurant and food outlets must be held to the same standard requirements on ingredients and nutrition evolution, transparency in labelling as well as marketing practices. Securing a level playing field for all sectors of the food industry will ultimately be helpful to consumers making the most informed and healthful choices.

**5. How would your sector/entity measure success in the implementation of these proposed policy options?**

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The success of our contributions towards the proposed policy options cannot be measured against a decline in the incidence of childhood obesity. Our success can only be measured against what we as an industry can achieve related to what we can influence. Obesity is complex and multifactorial, and fixing the whole variable of balanced diets will not end obesity unless all other causative factors are addressed. While we can provide a wide range of products as our consumers demand and help them in composing a balanced diet, consumers will create their own diets and no matter what we do as manufacturers or even governments, there will always be individuals that will eat in excess or in an unbalanced fashion.

Our success should be measured in terms of:

- The extent to which we manage to improve our products nutritionally, taking into account what is feasible technically in terms of different products and in view of consumer and regulatory constraints.
- The extent to which we are able to offer a wide range of choices appropriate for different consumer needs, in terms of products, formats and portion-controlled options.
- The extent to which we reduce the exposure of children to marketing communications for products high in fat, sugar or salt and promote balanced diets and healthy, active lifestyles.
- Our efforts to inform consumers about the nutritional content of our products and to guide them towards balanced choices, with front-of-pack labels on packaged foods or point of purchase information in restaurants and menu labelling to support healthy choices and nutrition education initiatives.
- Our efforts to support interventions aimed at children that promote healthy, active lifestyles.

**6. How would your sector/entity contribute to a monitoring and accountability framework for these proposed policy options?**

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We report publically and annually on our progress against our commitments, including commissioning a third party, Accenture Media Management, to monitor and report on members' compliance with our global policy on marketing to children.



We believe we should be held accountable against the commitments we had made.

We would propose working in partnership with other stakeholders in the context of the Global Coordination Mechanism on the Prevention and Control of NCDs to define a set of meaningful KPIs appropriate for our industry and jointly agree on the appropriate methodologies for measurement.

**CONCLUSION**

We thank the WHO and the Commission for the opportunity to provide comments on the Interim Report of the ECHO.

4 June 2015