

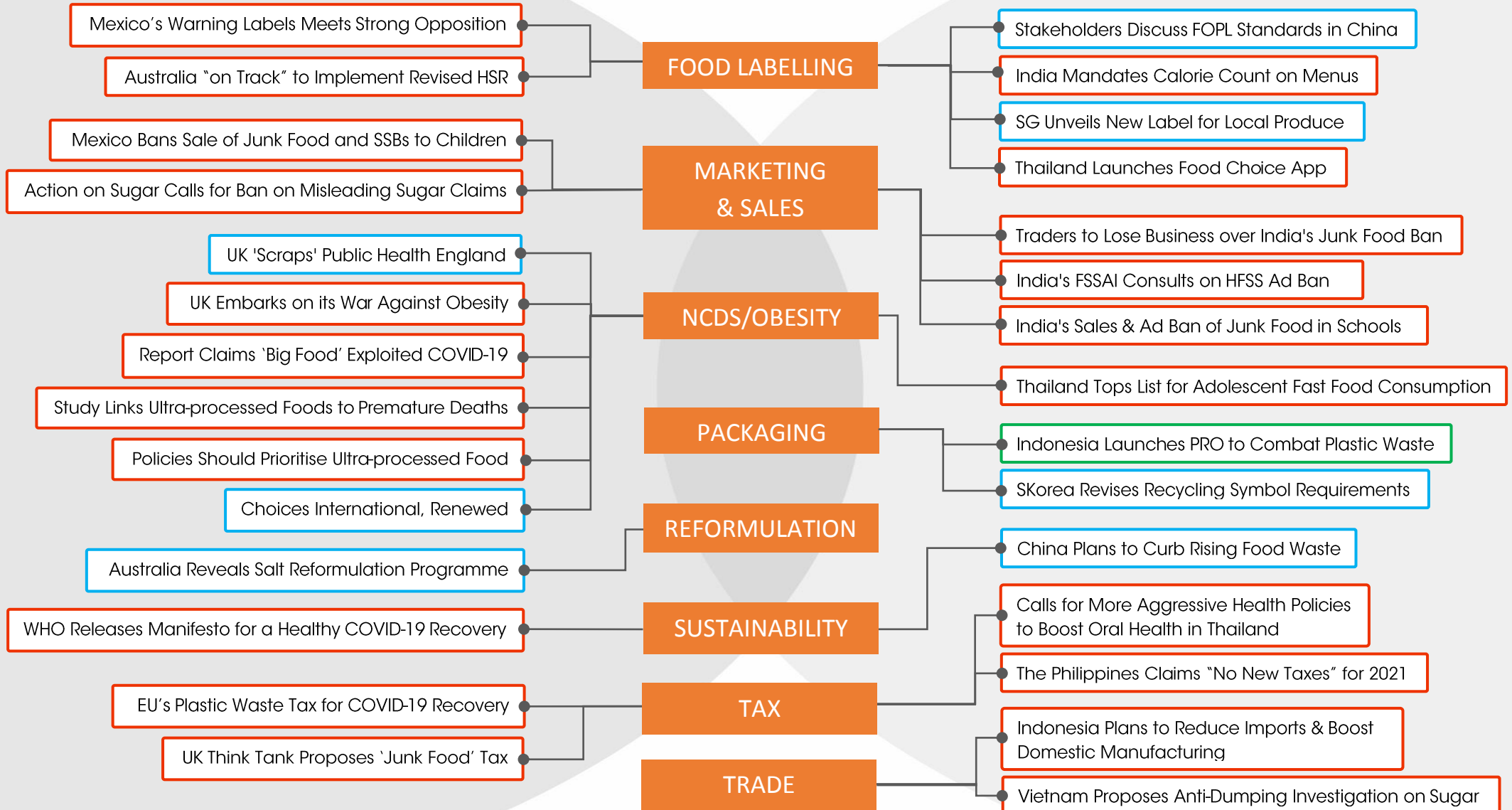
GLOBAL POLICY ISSUES MAP REPORT

October 2020

GLOBAL

CHALLENGE ■ NEUTRAL ■ POSITIVE ■

ASIA



GLOBAL POLICY ISSUES MAP REPORT

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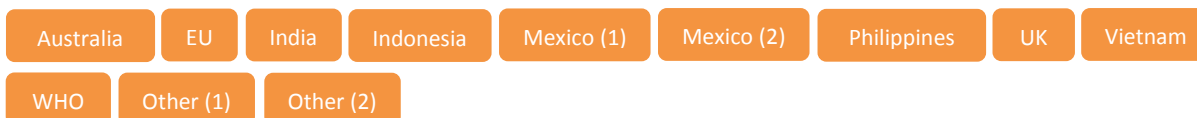
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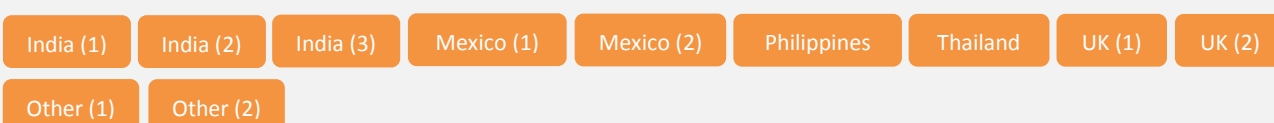
Apart from *Food Labelling, Marketing & Sales, NCDs/Obesity, Packaging, Reformulation, Sustainability, Taxation and Trade.*

Click for more details.

COVID-19 (related)



EDNP / HFSS / Junk Food / Ultra-processed



Food Security



Menu Label



Under-18 (Defining Children)



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INTRODUCTION

This Global Policy Issues Map provides an overview of the current global policy issues, with the most recent updates from August 2020 – October 2020, which are impacting the food industry.

The latest paper continues to show a negative trend on health and nutrition and sustainability in the policy environment, as well as increasing global pressure filtering in to Asia – particularly in light of governments' and NGOs' responses to COVID-19. The information in this paper will be used as part of the tactical planning with regards to FIA's 2020/2021 strategic plans.

ASIA

FOOD LABELLING

NEUTRAL

Stakeholders Discuss Front-of-Pack Labelling Standards in China

Keywords: Reformulation

22 September 2020: The Chinese Nutrition Society's (CNS) front-of-pack (FOP) Working Group held a symposium in Beijing about the standard of "Specifications of FOP Labelling in Prepackaged Foods" (FOP Standard).

The symposium brought together representatives from the National Health Commission, relevant departments and bureaus of the State Administration for Market Regulation, experts from the CDC Institute of Nutrition and Health, National Center for Food Safety Risk Assessment, Chinese Academy of Inspection and Quarantine, South China University of Technology, Jiangnan University, China National Food Industry Association and several enterprises.

The content of the FOP Standard and actions to advance the implementation of the standard was discussed.

All stakeholders in attendance unanimously supported the issuance of the FOP Standard in a manner that is acceptable to all parties to reduce the content of fat, salt and sugar in pre-packaged foods and encourage consumers to make healthier food choices, under the guidance of the FOP Standard.

As a next step, the FOP Working Group will be gathering inputs from all relevant stakeholders and consumers to improve the content of the draft FOP Standard and promote the implementation of the standard as soon as possible.

CHALLENGE

India Mandates Calorie Count on Menus

Keywords:

Allergens

E-commerce

Menu Label

26 August 2020: The Food Safety and Standards Authority of India (FSSAI) notified the Gazette of India new regulations that calls for the mandatory display of **calorie count on menus** by **1 January 2022**.

Refer to the [Gazette Notification on Food Safety and Standards \(Packaging and Labelling\) first amendment Regulations, 2020](#) for further information.

When in effect, **food service establishments** (restaurants) with central licenses or 10 or more outlets must display the calorific value (in kilocalories per serving and the serving size) of food items on menu cards, booklets or boards. Additionally, reference information on calorie requirements must also be clearly and prominently displayed as "An average active adult requires 2,000 kcal energy per day, however, calorie needs may vary".

E-commerce food business operators must require their restaurant partners to display the same information on their digital platform.

Consultation with industry stakeholders have been ongoing over the past two years. The FSSAI believes that this new measure will empower consumers to make better food choices, while industry players believe that it should remain a voluntary measure.

Potential Allergens Information

Food service establishments will also need to clearly display information regarding potential allergens on their menu cards – this includes cereals containing gluten, milk and milk products, fish and fish products, groundnuts, tree nuts, soybeans and their products, among others.

Logos for 'vegetarian' and 'non-vegetarian' dishes must also be displayed.

NEUTRAL

Singapore Unveils New Label for Local Produce

Keywords:

Food Security

On 4 August 2020, the Singapore Food Agency (SFA) revealed a bright red "SG Fresh Produce" logo (Fig. 1) that will help consumers to easily **identify local produce** available in Singapore.



Fig 1. SG Fresh Produce Logo

Created in consultation with over 30 local farmers, retailers and industry associations, the new logo will be progressively rolled out by the SFA to **home-grown produce available in supermarkets and retailers**. This will include produce sold through **online retailers**.

This initiative was first unveiled at the launch of the [Singapore Food Story](#) in February – a R&D programme led by SFA and A*STAR (a statutory board that supports R&D) to support the national agenda of **strengthening Singapore's food security** and achieving its **"30 by 30" goal** (to locally produce 30 percent of Singapore's nutritional needs by 2030), while reaping economic benefits.

According to Dr Choo Li Nah, Senior Director of SFA's Communications and Service Quality Division, the government's support for local farmers to ramp up production and demand from consumers are equally important to sustain a healthy and vibrant agri-food ecosystem.

Consumers can support local farmers and spur them to embrace technology to become more productive and meet increased demand. The SFA continues to work with supermarkets and supermarket chains to encourage Singaporeans to purchase local produce.

Growing local is a key strategy in the SFA's three-pronged approach towards making Singapore a food secure nation, along with diversifying food import sources to guard against global supply chain shocks and helping local businesses expand their operations overseas and export food produce back home.

CHALLENGE

[Thailand Launches Food Choice App](#)

Keywords: Colour-coded Label

A new "Food Choice" app has been developed in Thailand by several stakeholders, including the Department of Public Health (DoH) and the National Electronics and Computer Technology Centre. This app was funded by the Thai Health Promotion Board and several NGO groups.

Access the [screenshots of the app](#) provided by the Federation of Thai Industries (FTI).

The app is not mandatory and can be downloaded by anyone with a smartphone. It uses guideline daily amount (GDA) data to present nutrition information of a food product, and colour codes specific nutrients as red, yellow and green to indicate if they contain high, medium or low amounts (respectively) of that nutrient.

Impact to Industry

It is evident that the Thai FDA does not support this app.

The FTI and Thai Food and Drug Administration (FDA) have expressed their concerns that the information provided through this app will not only confused and mislead consumers, it also disrupts current front-of-pack labelling schemes in Thailand – monochrome GDA labels and the Healthier Choice Logo (which is led by the Thai FDA and Mahidol University).

Moreover, another concern is that the app identifies specific products and brand. It is also similar to the [FoodSwitch app](#) developed by the George Institute in Australia.

FIA Action(s)

The Secretariat was notified of this development by the FTI and is closely monitoring the uptake of this app among consumers and within the region.

At the moment, the FTI is careful in its engagement on this matter due to the disagreement between the Thai FDA and DoH.

MARKETING & SALES

CHALLENGE

India's FSSAI Consults on a HFSS Ad Ban to Children Under 18

Keywords:

Ad Ban

HFSS

M2K

Under-18

In 2018, the Food Safety and Standards Authority of India (FSSAI) proposed a colour-coded front-of-pack (FOP) labelling scheme and nutrition criteria that underpins this scheme. In the initial version of the draft regulations, it was stated that “**HFSS (high in fat, salt or sugar) food products shall not be advertised to children in any form**”.

The [revised draft regulations](#) released in mid-2019, with amended proposals for FOP labelling, retained the same language around a HFSS marketing to kids (M2K) ban.

The draft regulations defined HFSS Foods as processed foods with – on a per 100 g or mL basis –

- An added sugar content representing 10 percent of total energy intake or more; or
- A trans-fat content representing 1 percent of total energy intake or more; or
- A saturated fat or sodium content exceeding the thresholds specified under Schedule –I of these regulations.

A task force was set up later in 2019 to discuss an appropriate cut-off age for the HFSS advertising ban. This taskforce comprises of representatives from the FSSAI, the Ministry, Codex and Advertising Standards of India (ASCI).

According to the World Federation of Advertisers (WFA), ASCI and the Indian Society of Advertisers (ISA) have responded asking the FSSAI to **define children as under 12** and incorporate a **35 percent audience threshold** – in accordance with the India M2K pledge.

However, an [official memorandum](#) was recently released on 29 July 2020, detailing a proposal to **define children as under 18**. Task force members were provided with 30 days (by end of August) to provide feedback on this proposal.

WFA has since provided ASCI and its member association with key messages, including a position paper and an overview of ages applied worldwide.

Impact to Industry

There have been an increasing number of proposals to define children as “under 18”, which contradicts current definitions of children’s age in marketing restrictions around the world. Within Asia, the Government of Malaysia is seeking to do the same and with the governments of Brunei and Thailand in the midst of reviewing their M2K codes, it would be prudent to anticipate for similar considerations in these two markets as well.

FIA Action(s)

The Federation of Indian Chambers and Commerce (FICCI) continues to build their relationship with the new CEO of FSSAI and believes that the nutrient thresholds underpinning the definition of HFSS will take time to be finalised. Currently, the FSSAI is first working to finalise the non-HFSS labelling sections of the draft regulations, which could take up to another year to develop.

FICCI has proposed to the FSSAI to put on hold defining the age of children, until the HFSS labelling section of the draft regulations has been finalised, to which the FSSAI agreed.

FIA continues to be actively engaged with FICCI on this matter, and with WFA support FICCI with global evidence and recommendations on defining the age of a child.

CHALLENGE

India's Ban on the Sale and Advertising of Junk Food Within and Around Schools

Keywords:

Food Zoning

HFSS

M2K

On 4 September 2020, the Food Safety and Standards Authority of India (FSSAI) notified in the official Gazette new regulations to ban the sale or advertising of ‘junk’ food within or around schools, with the aim of supporting “balanced eating” within the school environment.

The FSSAI was previously ordered by the Delhi High Court in 2015 to regulate the sale of ‘junk’ food in student canteens.

Access the regulations here: [Food Safety and Standards \(Safe food and balanced diets for children in school\) Regulations, 2020](#).

According to the regulations, the **sale or advertising of foods that are high in saturated fat, trans-fat, added sugar or sodium (HFSS) are prohibited on or within 50 metres of the school campus**.

This includes through:

- Logos, brand names, spokes-characters, product names, or other product marketing on or in vending machines; books, curricula, and other educational materials; school supplies; posters; textbook covers; and school property such as scoreboards, signs, athletic fields, buses, and buildings
- Educational incentive programmes that provide food as a reward
- Direct sale of HFSS foods
- Free samples or coupons

- School fundraising activities

Event sponsorships and the use of premiums and incentives are permitted with foods that are not HFSS.

It is **unclear as to when the regulation specifying the sale and advertising ban will take effect**. However, all other regulations specified in the Gazette notification shall take effect from 1 July 2020.

Food business operators (FBOs) engaged by schools to sell or cater full meals, including those contracted to operate the mid-day meal scheme, will be required to obtain a license from the FSSAI, which would ensure compliance with the requirements of hygienic practices as specific under schedule 4 of the Food Safety and Standards Act, while school authorities must ensure that food provided by FBOs is safe and balanced.

School administrations will have to adopt a comprehensive programme to promote safe and healthy diets (based on guidance from "Dietary Guidelines for Indians – A Manual"), and convert school campuses into an '**Eat Right Campus**' that focuses on encouraging safe and balanced diets, local and seasonal food and zero food waste.

General Guidance for the Selection of Foods in School Menus

It was suggested that the following list of food and beverages should always be part of the school menu (i.e. 75 to 80 percent of the menu should comprise of items from this category):

1. **Cereals, Millets and Pulses** – such as whole wheat grain, rice, millets, legumes
2. **Milk, Milk products, egg, meat and fish** – milk, curd, yoghurt, lassi, butter milk, paneer, or milk products, lean meat, chicken, fish, egg
3. **Fruits and Vegetables** – including green leafy vegetables, other vegetables and roots, tubers, local and seasonal fresh fruit produce
4. **Oils, fats, nuts and oilseeds** – walnuts, almonds, pistachios, roasted nuts without salt or sugar, groundnuts, sesame seeds, etc
5. **Processed/cooked Foods** – freshly-made soup, porridge, beverages with no added sugar, stir-fried vegetables, snacks (boiled, baked or steamed, cereal- or pulses-based)

On the other hand, the following list of foods and beverages should only be eaten occasionally and made available in small portion sizes:

1. **Desserts** – ice creams, milk-, dairy-based sweets/desserts
2. **Packaged foods** – cheese, canned and preserved vegetables, packaged meat or fish products, fruits-, vegetables-, cereal- or pulses-based snacks, nuts and seeds
3. **Baked goods** – white breads, biscuits
4. **Beverages** – packaged soups, juices, cereal- or malt-based beverages, flavoured soy milk

HFSS products are not to be made available in schools and hostels. The nutrient thresholds that defining 'HFSS' was not specified.

Impact to Industry

As the nutrient thresholds underpinning the sale and advertising ban of 'junk' food within and around school campuses has not been specified in the Gazette notification, it is unclear as to whether there is a possibility for industry stakeholders to be consulted on this aspect.

The nutrient thresholds defining HFSS here will likely be aligned with that for the FSSAI's other proposals – including an advertising ban on HFSS foods to children and on front-of-pack nutrition labelling, which has been temporarily shelved following years of discussion between government officials and industry stakeholders.

CHALLENGE

Traders to Lose Significant Business over India's Junk Food Ban Around Schools

Keywords:

COVID-19

Food Zoning

HFSS

M2K

On 4 September 2020, the Food Safety and Standards Authority of India (FSSAI) notified in the official Gazette new regulations to ban the sale or advertising of 'junk' food within or around schools, with the aim of supporting "balanced eating" within the school environment.

According to the regulations, the **sale or advertising of foods that are high in saturated fat, trans-fat, added sugar or sodium (HFSS) are prohibited on or within 50 metres of the school campus.**

Access the regulations here: [Food Safety and Standards \(Safe food and balanced diets for children in school\) Regulations, 2020](#).

In a letter to Minister of Health Harsh Vardhan and Minister of Commerce Piyush Goyal, the Confederation of All India Traders (CAIT) demanded the Food Safety and Standards Authority of India (FSSAI) to withdraw its recent notification on the 'junk food' ban.

The traders' body claimed that the new measures would result in over 75 percent loss of business for almost 2 crore (20 million) mom-and-pop shops across India. This is particularly detrimental to their livelihoods as traders continue to recover from the impact of the COVID-19 pandemic.

However, the FSSAI had previously indicated that sufficient transition time will be provided to all stakeholders before the new regulations are enforced.

NCDS/OBESITY

CHALLENGE

Thailand Tops List for Adolescent Fast Food Consumption

Keywords:

FOP Label

EDNP

M2K

Ultra-processed

A 2020 study conducted by China's Ningbo University found that 17.7 percent of adolescents in Southeast Asia were found to consume fast food four to seven times a week on average – the highest when comparing between regions. On a country level, **Thailand** was found to have the **highest rate of fast food consumption amongst adolescents** (43.3 percent).

Fast foods were defined as foods that are "energy-dense, nutrient-poor, low in fibre and micronutrients, and high in refined grains, sodium and sugar" and a "common component of **Western-style diets**".

Access the study: [Fast Food Consumption Among Young Adolescents Aged 12-15 Years in Low- and Middle-income Countries](#).

The authors utilised data from the recent Global School-based Student Health Survey (2009-2015), which covered over 153,000 adolescents between the ages of 12 to 15 years across developing low- and middle-income countries. Adolescents were asked how frequently they had consumed fast food within a week.

It was suggested that one of the main reasons for this finding was the **influence of television programmes**, especially with technological advancement in the region.

The authors added that **endorsements** by popular entertainment and sports stars “lure” adolescents into consuming high-calorie foods. Moreover, **food industries “have invested millions of dollars in popularizing Western-style fast food in Asian countries”** – with little being done by governments to promote healthier food options.

Although the Thai Government’s efforts to promote healthier diets (e.g. providing nutrition claims, GDA labels) were acknowledged, the authors felt they were inadequate given the results of the study. According to the Thai Board of Investment, Thailand is considered an attractive new market by the global processed food industry – leading to a **greater supply of and increased demand for ultra-processed foods**.

The study recommended for Thailand and other Southeast Asian countries to learn from developing countries in Americas and introduce more comprehensive policies. This includes nutritional guidelines for school meals and school meal programmes, **regulating food marketing** to children and adolescents, and introducing **mandatory** and voluntary **nutrition labelling** on foods.

Mahidol University’s Thai population research expert Sirinya Phulkerd echoed these recommendations, especially the one on regulating unhealthy food marketing. She cited [WHO Commission on Ending Childhood Obesity](#)’s recommendation to reduce children’s exposure to all forms of marketing for the prevention of childhood obesity.

PACKAGING

POSITIVE [Indonesia Launches Packaging Recovery Organization to Combat Growing Plastic Waste](#)

Keywords:

PRO

Recycling

Several members of the Packaging and Recycling Association for Indonesia Sustainable Environment (PRAISE) have established the Packaging Recovery Organization (PRO) to **ramp up their recycling efforts and reduce plastic packaging waste in Indonesia**.

Among the members are PT Coca-Cola Indonesia, Danone-Aqua, PT Indofood Sukses Makmur, PT Nestle Indonesia, Tetra Pak Indonesia and Unilever Indonesia.

The new organization will have at least three programmes to:

1. Build a system to recycle polyethylene terephthalate (PET);
2. Increase the collection rate for used beverage cartons, flexibles and high-density polyethylene packaging; and
3. Educate the public on recycling.

PRAISE Steering Committee Head Triyono Prijosesilo said that the PRO aims to **achieve a 60 percent recycling rate for PET plastics** before progressing to recycle other kinds of packaging in 2021 whilst expanding its membership.

The PRO's objectives fall in line with recommendations laid out in the World Economic Forum's latest [National Plastic Action Partnership report for Indonesia](#), which proposes a System Change Scenario (SCS) that would reduce ocean leakage in the archipelago by 70 percent by 2025. The SCS model combines five system changes, which include doubling current recycling capacity and plastic waste collection.

PRAISE Chief Karyanto Wibowo shared that industries will utilise PRO as a vehicle to honour their environmental responsibilities, as stipulated in Law No. 18/2008 on waste management. Karyanto highlighted that the PRO would convene players from the packaging industry, manufacturing and retailers, which are responsible for the flow of plastic products from factories to the consumer. The PRO aims to also cooperate with local administrations to increase the recycling rate of plastics. At the moment, it is working closely with the East Java administration.

Novrizal Tahar, Director for Waste Management at the Ministry of Environment and Forestry, expressed appreciation for the PRO's swift actions in response to Environment and Forestry Ministerial Regulation No. 75/2019, which requires plastics producers to set up a waste reduction road map. He also expressed hope that more companies would start formulating their waste reduction plans.

Despite major commitments from the government, industry and civil society, the flow of plastic waste into the country's bodies of water is projected to grow by 30 percent between 2017 and 2025, from 620,000 tons per year to an estimated 780,000 tons per year, according to the NPA report. The Indonesian government is seeking investments of US\$5.1 trillion to finance its plans to reduce the amount of plastic waste entering the ocean to near zero by 2040.

NEUTRAL

South Korea Revises Recycling Symbol Requirements for F&B Packaging

Keywords: Recycling

The Ministry of Environment (MOE) released the exposure draft of Standards of Labelling Quality and Structure of Packaging Material Grade and Recycling Symbols to optimize the requirements on recycling symbols on September 10, 2020.

Access the [draft standards](#) (in Korean).

The draft regulations included **additional instructions on how to handle different packaging types for recycling** and **larger sizing for all recycling symbols** to be included on food and beverage packaging.

South Korea has multiple recycling symbols that food and beverage manufacturers or packaging producers are required to include on their packaging, depending on the type of packaging material, e.g. paper, PET, HDPE, glass, vinyl, aluminium cans or others.

With the additional instructions, the general public will be able to better understand the different recycling steps to be taken and thus enhance the efficiency of sorting and recycling. For example, the symbol for paper now includes directions to "Fold before recycling", for PET to "Remove labels before recycling", and for Glass and Aluminium cans to "Rinse out before recycling".

The size of all the symbols have been revised to a minimum of 12mm, from a minimum of 8mm previously.

The draft regulations are currently being reviewed post-public consultation before being formally moved through legislation.

The review and upgrade of the recycling symbol regulations were based on a recent MOE survey put forth to the South Korean public about their opinions on the existing recycling symbols.

Almost two-thirds (66.85%) of around 350 surveyed consumers believed that the existing recycling symbols were 'Helpful, but not very effective'. 46.7% of respondents complained that there was a 'large gap' between reading the recycling symbol and the actual recycling collection box, leaving them unsure of what to do, whereas 34% had difficulty understanding the recycling symbol when it only mentioned the material name without providing more specific directions.

Note: Gathering of feedback on the draft regulations have closed on September 30, 2020.

SUSTAINABILITY

NEUTRAL

China Plans to Curb Rising Food Waste

Keywords: Food Security

China's President Xi Jinping described the issue of food waste as "shocking and distressing" in a recent directive, and highlighted the importance of maintaining food security as the coronavirus spurs concerns over tightening supplies and surging prices.

President Xi said he will **strengthen legislation, supervision and long-term mechanisms** to tackle the problem of food waste, and urged his country to take immediate measures to stop food waste from growing. He also called for better public awareness and the promotion of a social environment where “waste is shameful and thriftiness is applaudable”.

In 2013, China launched an “empty your plates” campaign to stop food waste from increasing, and the grains waste at that time was estimated at 35 million tons a year, according to a government official.

Globally, food loss and waste remain a major concern. According to the Food and Agriculture Organization (FAO), around one-third of all food produced in the world annually – approximately 1.3 billion tons – is lost or wasted. Meanwhile, more than 820 million people in the world continue to go hungry every day.

TAXATION

CHALLENGE Calls for More Aggressive Health Policies to Boost Oral Health in Thailand

Keywords:

Reformulation

Sugar Tax

August 2020: Researchers have called for the Government of Thailand to explore **more aggressive public health policies**, in addition to the existing sugar tax, to improve the nation’s oral health.

In a simulation developed by researchers from Chulalongkorn University and the National University of Singapore, and the Thai Ministry of Public Health, it was found that Thailand’s **current sugar-sweetened beverage (SSB) tax would have minimal effects on oral health improvements**.

Access the full study: [Impact of SSB Tax on Dental Caries: A Simulation Analysis](#)

The model used for this simulation was a quantitative system dynamics model based on the dynamics between the SSB tax, sugar consumption and dental caries (used as an overall indication of oral health).

Simulations were conducted for the impacts of the following interventions on the prevalence of dental caries amongst Thai adults:

1. No interventions at all (13.6 percent increase by 2040)
2. SSB tax only (1 percent decrease by 2040)
3. More aggressive public health policies, if pursued – including making the utilisation of dental services more accessible, high oral health awareness and **decreasing non-SSB sugar consumption** (21 percent decrease by 2040)

According to the authors, these findings suggest that while implementing the SSB tax was a step in the right direction, that policy alone is unlikely to have any meaningful impact on oral health outcomes unless accompanied by a comprehensive policy that also **targets sugar intake from non-taxed sugar food sources**.

They highlighted that a review of national surveys and studies suggests that common food sources of sugar and indirect sugar consumption across all age groups also included Thai desserts and confectionery.

Moreover, these findings are applicable to countries beyond Thailand, where a major source of sugar consumption comes from non-taxed sugary food and beverages. In particular, this also refers to “Asian countries where street food culture is ubiquitous and contributes disproportionately to sugar intake”.

It was further suggested for governments to take on a more innovative approach in designing public health policies, instead of over-relying on SSB taxes.

Impact to Industry

Applying a sugar tax on sugary foods may prove to be more complicated than an SSB tax – this is particularly so when taking into consideration that street foods usually do not have standardised menus or preparation methods.

Evidence around the effectiveness of SSB taxes in improving health outcomes remains mixed – yet this fiscal measure continues to be a popular choice amongst policymakers. While a tax on specific nutrients (such as fat, salt or sugar) in foods is unlikely to be feasible or practical for implementation, we are seeing more governments in Asia consider this as an option to address public health challenges.

CHALLENGE

The Philippines Claims “No New Taxes” for 2021

Keywords:

COVID-19

Digital Tax

Junk Food

2 August 2020: In a statement, the Philippine Department of Budget and Management (DBM) said that President Rodrigo Duterte has approved on 30 July a **PHP 4.506 trillion (USD 91.65 billion) national budget proposal for 2021**.

The proposed budget for fiscal year 2021 is aimed at sustaining government efforts towards effectively responding to the COVID-19 pandemic, with the theme “Reset, Rebound and Recover: Investing for Resiliency and Sustainability”. Government spending will be focused on improving healthcare systems, ensuring food security, increasing investments in public and digital infrastructure, and helping communities to cope during this period.

The DBM shared that the 2021 budget is 9.9 percent higher than the 2020 budget of PHP 4.1 trillion, and is equivalent to 21.8 percent of GDP. At the moment, it is working to finalise the 2021 National Expenditure programme and other budget documents for submission to Congress before the 30-day constitutional deadline.

Digital Tax Approved, but No New Taxes in 2021

In July 2020, the House of Ways and Means approved a bill that would impose a **12 percent Value-Added Tax (VAT) on digital goods and services** provided by **foreign digital service providers**, such as online licensing of software, mobile applications and the provision of digital content, and would include online advertisements, e-learning courses and subscription and payment processing services. Small businesses will be exempted from the VAT.

The bill defined VAT as an indirect tax which may be shifted or passed on to the buyer, transferee, or lessee of the goods, properties or services.

The House panel, led by Albay 2nd District Representative Joey Salceda, approved the substitute bill which will amend the National Internal Revenue Code of 1997. With the amendment, “any person who, in the course of trade or business, sells barter exchanges, leases goods or properties—including those in digital or electronic in nature—renders services, including those rendered electronically, and any person who imports goods shall be subject to the VAT”.

This measure is estimated to generate as much as PHP 10 billion (USD 2 billion) in revenue, which will help fund the government’s COVID-19 response.

Currently unnumbered, the panel-approved bill serves as a substitute to the measures filed earlier, including Salceda’s [House Bill 6765](#) (Digital Economy Taxation Act of 2020). The bill must now be endorsed by floor of the House and subsequently the Senate to be written into law.

The Department of Finance (DOF) has declared that it will **not be seeking new taxes in 2021 to fund the national budget**, despite the anticipated slowdown in government revenues. Additional levies on certain goods deemed harmful to society.

Impact to Industry

FIA remains cautiously optimistic about the Department of Finance’s claim that no new taxes is being considered by implementation in 2021, particularly as several tax measures that were being considered over the last few months to raise revenue, would impact the food and beverage industry.

However, it is unclear as to how this might affect the speed of implementation of tax measures with bills already filed and approved/pending approval. This includes the aforementioned bill on a digital tax.

It is suggested that the proposals to introduce a ‘junk food’ tax and to increase the excise tax rates for the existing sugar tax will not materialise or take effect until after 2021.

FIA Action(s)

FIA continues to closely monitor the developments of this matter and actively engage with the Philippine Chambers of Food Manufacturers, Inc. (PCFMI) to prepare an advocacy strategy addressing a potential ‘junk food’ tax.

TRADE

CHALLENGE

Indonesia Plans to Reduce Imports and Boost Domestic Manufacturing

Keywords: COVID-19

Indonesia's economy has shrunk by 5.32 percent of GDP in Q2 2020 – far worse than the projected 4.3 percent contraction for the same period – making this the nation's deepest contraction since the Asian Financial Crisis in 1999.

(Note: An economic contraction is a decline in national output as measured by GDP.)

According to the Central Bureau of Statistics (BPS), household consumption, the mainstay of Indonesia's economy, shrunk by 5.5 percent in Q2 2020 compared to the same period last year, while spending on investments dropped by 8.6 percent.

Government spending has reduced by 6.9 percent, despite IDR 695 trillion (USD 47 billion) earmarked as fiscal stimulus to prop up the economy. President Joko Widodo has blamed his ministers for being slow in disbursing the stimulus spending, with only 20 percent of the fiscal stimulus being spent thus far.

Although several domestic sectors suffered drawbacks amidst the pandemic, the agricultural sector grew by 2.19 percent, while the information and technology sector grew the fastest in the same period, expanding by 10.9 percent from the same quarter last year.

So far, as many as 3.7 million individuals have lost their jobs this year. The National Development Planning Agency (BAPPENAS) anticipates that the number of unemployed people will reach 10 million by the year end.

Preparing the Economy for 2021

To weather the uncertainties of the pandemic, the government will propose to the House of Representatives to raise its 2021 state budget deficit assumption to 5.2 percent of GDP for greater fiscal flexibility, from the previously agreed range of 4.17 percent to 4.7 percent.

With this, the Government would have an additional IDR 179 trillion (USD 12 billion) to support the economy in 2021. Finance Minister Sri Mulyani Indrawari shared that more of the budget will be spent on priority programmes on food security, industrial area development, technology development, education and healthcare.

Economic growth in 2021 is projected to be around 4.5 percent to 5.5 percent.

Indonesia had to scrap the 3 percent deficit ceiling to fund its fight against the coronavirus outbreak, but the Government has pledged to reinstate the 3 percent deficit ceiling in 2023 by tapering government spending and boosting state revenue after the virus threat subsides.

Indrawati also revealed that the Government may return tax paid by companies in 2019 in terms of a tax cashback, to support them during the pandemic.

Plans to Reduce Imports and Boost Domestic Manufacturing

The Government is considering to impose several measures to reduce imports in the short and medium term, and strengthen the local manufacturing industry.

Industry Minister Agus Gumiwang Kartasasmita commented that planned measures include imposing restrictions, raising tariffs, adding trade remedies and implementing more technical barriers. For example, restrictions may be imposed in the form of an import license requirement and a minimum import price and quota application on 28 commodities.

This comes as President Widodo's Administration prepares to reduce raw material imports by 35 percent to USD 82 billion in 2022, by encouraging local companies to produce import substitutes.

Having slowed economic activity in many countries, the pandemic also led to a decline in global trade – projected by the World Trade Organisation to drop by between 13 percent to 32 percent this year.

To reduce imports “flooding” Indonesia, Agus suggests to have specially arranged entry points at seaports in Eastern Indonesia for certain commodities to curb the flows of imported products, as well as implement more trade remedies, arguing that the country has imposed fewer safeguards, antidumping and countervailing duty measures than China, Thailand, the Philippines and India.

It should be noted that 6 out of 10 of Indonesia's main trading partners are projected to fall into recession.

In addition, the Government had reviewed tariff and non-tariff barriers introduced by other countries on Indonesia's products, following reports that Canada and China were requiring certificates declaring food products to be coronavirus-free.

Trade Ministry National Export Development Director-General Kasan Muhjri shared that the Government intends to push Indonesia's exports – particularly those growing in shipment such as processed food and beverages, healthcare goods, agriculture and fishery products and pharmaceutical products, among others – and focus on tapping into countries like Australia and Germany.

Impact to Industry

In FIA's three-paper series with Oxford Economics, Indonesia's food sector was highlighted to be one of the most exposed to fiscal risk as a result of COVID-19.

Oxford Economics' own projection finds that Indonesia's debt burden will have risen by 8 percent of GDP in 2021 vs the pre-pandemic outlook. The country's high obesity rate is a cause for concern and taking into consideration the active proposal to tax sugary beverages, these recent developments make Indonesia at risk of introducing more painful austerity measures that will impact the food and beverage industry.

FIA Action(s)

As part of its Health & Nutrition Pillar, FIA continues to monitor developments in Asia around fiscal measures. It is clear that pressures around fiscal measures being introduced in the region are growing, as governments are dealing with falls in revenue in H1 2020 while simultaneously having to finance unprecedented stimulus packages to cushion the economy from the impacts of COVID-19.

Selective taxes on food and beverage products, or broader tax and fiscal policies that may impact the food sector, are also actively managed by the Secretariat through several advocacy strategies to ensure that FIA and its members are involved (directly or indirectly) in the discussions.

Vietnam Proposes Anti-Dumping Investigation on Imported Sugar

Keywords:

COVID-19

Tax

August 2020: Vietnam's Ministry of Industry and Trade (MIT) sent a report to the Prime Minister regarding the application of appropriate safeguard measures on sugar products imported from Asian countries into the domestic market.

According to MIT, the amount of sugar imported from Thailand to Vietnam has increased rapidly following the removal of tariff quotas on sugar for ASEAN countries – reaching almost 500,00 tonnes in the first five months of 2020 as opposed to 300,000 tonnes in the whole of 2019.

It is also suspected that high-fructose corn syrup (HFCS) from China and South Korea are also being sold at dumping prices in Vietnam.

MIT has proposed an anti-dumping investigation on imported sugar from Thailand and HFCS from China and South Korea, which the Ministry of Agriculture and Rural Development (MARD) has since agreed to support, as a high margin of dumping will put local enterprises at a disadvantage. Domestic sugar production for crop year 2019/2020 plummeted and is projected to yield 800,000 tonnes, a stark comparison to the 1.2 million tonnes in crop year 2018/2019. This is significant enough to initiate trade defence investigations.

The Vietnam Sugar Association has requested for safeguard measures to be introduced under the provisions of the ASEAN protocol on the special treatment of rice and sugar, or under the Safeguard Agreement of the World Trade Organisation (WTO).

If it is discovered that Thailand, China or South Korea has been subsidising the sugar industry and sugar or HFCS is being sold at dumping prices, 'anti-dumping' safeguard measures will be introduced.

Anti-evasion measures may subsequently be applied if raw sugar from Thailand is imported into Laos and Cambodia for refinement, and then exported to Vietnam in order to evade the proposed trade remedies. However, given Vietnam's special relationship with Laos and Cambodia, it may be challenging for the nation to apply an anti-evasion tax to such activities.

The Ministry of Justice has also requested for MIT to specify the legal basis, effectiveness and impact of each applicable measure by analysing relevant provisions of WTO's Safeguard Agreement to highlight the most effective measures.

On the other hand, the Ministry of Foreign Affairs (MFA) suggested to call on ASEAN to open the market, maintain solidarity in the region, and boost intra-regional trade and investment. Engagement with Thailand, Laos and Cambodia has also been proposed prior to introducing trade remedies on sugar imported from these countries.

Impact to Industry

Some local industry association representatives and government relations experts believe that given Vietnam's need (like many ASEAN nations) to boost revenue due to the impact of COVID-19, the government may consider an anti-dumping tax, anti-evasion tax or other fiscal measures to protect local sugar producers from cheap imported sugar and HFCS. This could potentially have an impact on the food and beverage industry in the country. However, other local industry players believe that such moves are unlikely given that any tax passed on to consumers at the present time would not be popular.

GLOBAL

FOOD LABELLING

CHALLENGE

[Australia “on Track” to Implement Revised Health Star Ratings System](#)

Keywords:

COVID-19

Reformulation

July 2020: In spite of the COVID-19 pandemic, the revised Health Star Ratings (HSR) system remains to be on schedule for implementation on **15 November 2020** – as confirmed the Australia and New Zealand Ministerial Forum on Food Regulation (Forum).

The HSR system is being revised based on the [5-year review report](#) previously released in May 2019, as well as [additional implementation parameters](#) requested by the Forum which were discussed at the virtual July 2020 meeting.

According to the Australian Department of Health, COVID-19 is not expected to deter this course. Work on implementing the recommendations from the HSR Review continued during the pandemic, including a [recent stakeholder engagement](#) process to gather feedback on the 1 October 2020 (now 15 November 2020) implementation date. The Food Review Steering Committee (FRSC), in charge of formulating the [implementation plan](#), are assessing the information received and will be advising the Forum.

Focus on Sugar and Sodium

Also underway is the provision of a new nutrient calculator with the launch of the revised HSR system. Two test versions are currently being trialled for feedback by food manufacturing firms and other stakeholders.

The first test calculator reflects the recommendations of the Review Report, including **strengthening the negative impact of total sugars and high levels of sodium** through the use of a 25-point scale instead of the current 22-point scale.

The second test calculator accounts for additional investigations requested by the Forum, which **penalises total sugars more strongly** using a 30-point scale instead of a 25-point scale, and **amends the increments for sodium baseline points** from 90mg to 75mg.

‘Scales’ with more points are considered to be stricter. In this case, it means that sugar content will be penalised at narrower intervals. Also, smaller increments for sodium baseline points means that a product will obtain higher baseline points (allocated to nutrients to limit) and have a chance to obtain a poorer health star rating.

Mandatory vs Voluntary Debate

Public health experts continue to call for the HSR system to be mandated. Nevertheless, the Forum has decided to keep the HSR system voluntary for the food and beverage industry, with a **5-year deadline** and **70 percent uptake target** for the industry to meet.

While the final target metrics are still up for discussion by the Forum, it is understood that the **HSR system will be mandated if these targets are not met by the deadline**.

Impact to Industry

The fact that the Forum has opted to keep the HSR system voluntary for now is encouraging, as it reflects their willingness to work with the industry to improve on and encourage the uptake of the HSR system.

Acknowledging that the 5-year deadline is a relatively generous 'grace period', it is concerning that the Forum and FSRC have decided to proceed as planned with the implementation date (now 15 November 2020) of the revised HSR system, amidst the COVID-19 pandemic. While there is now some semblance of normalcy for the domestic food and beverage industry, the manufacturing sector still grapples with the effect of COVID-19.

It should be noted that Victoria state has declared a state of disaster, with Melbourne placed under strict lockdown following a surge in coronavirus infections. Victoria has a huge food and beverage industry footprint, whereby one-third of total industry turnover and employment is accounted for within the state. It comes as no surprise that the domestic supply chain is experiencing shortages following this development.

CHALLENGE

Mexico's Warning Labels Meets Strong Opposition by EU, US

Keywords:

COVID-19

HFSS

Warning Labels

Mexico's nationwide labelling law is set to go into effect in October 2020 – requiring front-of-pack warning labels on the packages of foods that are high in sugar, saturated fats, calories and sodium.

Products carry these warning labels will not be permitted for sale or promotion in schools.

According to the World Trade Organisation (WTO), the United States, European Union, Canada and Switzerland – home to some of the world's largest food companies – have pressed Mexico to delay the implementation of the warning labels.

In the minutes of a WTO Committee of Technical Barriers to Trade meeting held on 13 and 14 May, the US delegation expressed concerns on the labelling scheme being "more trade restrictive than necessary to meet Mexico's legitimate health objective". The nutrient thresholds underpinning Mexico's warning labels is more stringent than those set by other countries.

The aforementioned country delegates opposed the October 1 2020 implementation date, citing that the COVID-19 global pandemic has placed significant pressure on the food and beverage industry. The introduction of the warning labels in Mexico will drive trade costs and affect profits.

While the Government of Mexico has not officially responded to this matter, a government official mentioned that the warning labels will not be postponed.

MARKETING & SALES

CHALLENGE

Mexico Bans Sale of Junk Food and SSBs to Children

Keywords:

COVID-19

Junk Food

Sales Restriction

Under-18

Mexico: On 5 August 2020, the Oaxaca Congress passed law **banning the sale of high-calorie 'junk' food and sugar-sweetened beverages** (SSBs) to children **under 18** – a measure aimed at curbing obesity.

Mexican politician Lopez Dominguez had previously presented the bill over a year ago, but cited the obesity crisis – highlighted by the COVID-19 pandemic – as the reason that spurred the Congress to pass this bill into legislation.

The law stipulates fines, store closures and jail time for repeated offenders.

Subsequently on 17 August 2020, legislators in Tabasco voted 22 to 8 to pass a similar bill. While details on Tabasco's ban are still being worked out,

This bill comes as Mexico struggles to slow the spread of the coronavirus, and government officials have pinned the nation's pandemic problem on Mexican's unhealthy habits. Deputy Health Minister Hugo López-Gatell has branded soft drinks as "bottled poison", blaming their consumption for causing 40,000 deaths, along with high incidence of diabetes, obesity and hypertension – all COVID-19 comorbidities.

Some critics and public health experts have criticised López-Gatell for searching for a scapegoat as the nation's coronavirus figures showed little signs of improving.

The food and beverage industry has pushed back, stating that the health minister was unfairly demonising the category. Moreover, "mom and pop" stores that rely heavily on soda sales would be significantly affected by the new laws.

Sugar Tax on SSBs

Director of El Poder Del Consumidor Alejandro Calvillo shared that researchers found a 7.5 percent decrease in SSB consumption following the introduction of a sugar tax in 2014. However, revenue generated from the tax was not channelled into public health as promised.



Impact to Industry

These new laws in Mexico in effect places high-calorie 'junk' food and sugary beverages in the same category as cigarettes and alcohol. Certainly, this development is one to keep a close eye on given that Mexico has a high level of media attention globally with regards to public health.

Moreover, Mexico is yet another country that has defined children as under 18 – contradicting current definitions of children's age in marketing restrictions around the world.

CHALLENGE

UK's Action on Sugar Calls for Ban on Misleading Sugar Claims

Keywords:

Nutrient Claim

UK's health campaign group Action on Sugar has called for "honest labelling" of fruit snacks, citing its research that found "healthy" fruit snacks for children, containing up to five teaspoons of sugar per serving.

Read Action on Sugar's [survey findings on fruit snacks](#).

They propose a **ban on the use of "misleading" sugar claims** such as 'one of your five a day', 'naturally occurring sugars', 'no added sugar' or 'made from real fruit'.

The group claims that processed dried fruit products are being **marketed as 'healthy snacks'** due to their high fruit content. However, these products contain purees, concentrates, juices, and extruded fruit or added sugar by coating or flavouring dried fruit – and Public Health England categorises these sugars as 'free sugars'.

Moreover, all 56 products surveyed would receive a red code for sugars on the front-of-pack traffic light label.

According to Action on Sugar, these types of snacks should also be **reclassified as confectionery** due to the high sugar content.

Campaign Director of Action on Sugar Katharine Jenner said that "manufacturers are hiding behind **health halos** of (such) messages" and adds to the confusion of parents struggling to feed their children healthy food.

However, the food and beverage industry clarified that many of these products do not make claims that they are healthy or are aimed at children.

NCDS/ OBESITY

CHALLENGE

UK Embarks on its War Against Obesity

Keywords:

COVID-19

FOP Label

HFSS

M2K

Menu Label

Sales Restrictions

In July 2020, the UK Government announced a range of sweeping restrictions in its battle against obesity, as detailed in its new obesity strategy (titled [Tackling Obesity: Empowering Adults and Children to Live Healthier Lives](#)). This includes:

- A **ban on TV and online advertisements** for foods high in fat, salt and sugar (**HFSS**) **before 9pm** (pre-watershed), both to take effect by end 2022. A consultation will be held on extending this to a **total ban for online advertising** of the same products.
 - Watershed (broadcasting): Time when TV programmes which might be unsuitable for children can be broadcast, which is 9pm to 5:30am in the UK.

- **Ban volume promotions** of HFSS foods, such as 'buy one get one free' deals, and the **placement of such products in prominent locations** intended to encourage purchasing at point of sale, both online and in physical stores.
- The mandatory **display of calories on menus** for all large out-of-home businesses, including restaurants, cafes and takeaways. This may be extended to alcoholic beverages and smaller businesses.
 - Read the [government's consultation response](#) to mandating calorie labelling in the out-of-home sector.

A 4-nation **public consultation** will soon be published to gather views and evidence on the UK's current **traffic light labelling scheme** in helping people make healthier food choices – citing the opportunity to make decisions on labelling "which are best for Britain" following Brexit.

Additionally, a £10 million "[Better Health](#)" campaign will be unveiled to tackle the obesity by helping people to lose weight through promoting healthier diets and physical activity.

These latest developments are a result of Prime Minister Boris Johnson's determination to tackle the obesity crisis head-on following his personal battle with weight and COVID-19. **Johnson and Health Secretary Matt Hancock underlined how tackling obesity was a new front in the fight against COVID-19**, warning that excess weight put victims at risk of more severe illness and death.

Reversing his libertarian views on personal health behaviour to become a "nanny state" interventionist, Johnson had called for a new "comprehensive obesity strategy" to be drafted and implemented in full with some urgency.

This also follows a [British Medical Journal editorial](#) penned by UK researchers claims that the **food industry** "shares the blame not only for the **obesity pandemic** but also for the severity of **COVID-19 disease and its devastating consequences**". Backing this claim, Public Health England (PHE) published a [report](#) into the impact of obesity on individuals with the virus and said the **case for action has "never been stronger"**.

To Tax or Not to Tax?

The new obesity strategy has excluded additional sugar taxes.

However, threats of "further action" if sugar consumption does not fall loom over the food and beverage industry, as health officials continue to examine options to expand such taxes to other foods that are high in sugar, salt or calories.

A "Win" for Health Campaigners

The imminent slew of anti-obesity measures comes as a win for scientists and health campaigners, who amidst the COVID-19 pandemic have been pushing for the government to regulate processed food as heavily as tobacco.

Paul Nuki, Global Health Security Editor for The Telegraph, insist that **legislation that cuts calorie consumption "will be the game changer for obesity"**. Drawing experience from Public Health England's sugar reduction initiative, the mandatory Soft Drinks Industry Levy (SDIL) had successfully cut the sugar content in drinks by 28.8 percent, while the voluntary scheme covering all other products achieved only a 2.9 percent reduction.

Industry and (Some) Health Experts Hit Back

Addressing the new obesity strategy, Tim Rycroft, Chief Operating Officer of the Food and Drink Federation (FDF), anticipates that the measures will cause an **increase in food prices, reduce**

consumer choice and threaten jobs across the UK, particularly as the **economy struggles to recover from COVID-19 crisis**. These measures in combination would only **reduce children's average calorie consumption by 17 calories per day (according to the government)** while adding £600 to the annual cost of a typical family's grocery bill (FDF's estimation).

Rycroft added that the government is pulling in different directions with the introduction of contradictory policies. For example, the [Eat Out to Help Out](#) initiative pays for people to eat out, while Hancock is proposing a ban on promotions of the same foods in supermarkets.

He expressed disappointment on a "missed opportunity" – with more individuals placing more thought on diet and exercise during the pandemic, the government could have embarked on a bolder programme to promote healthier lifestyles and better diet choices in place of "old and discredited policies".

The new rules also may not permit advertising or promoting "healthier choice" lower-sugar or lower-calorie variants, which would negate the industry's reformulation efforts carried out in partnership with the government since 2006, and make it tough for less established brands in the same space to raise their profiles.

The advertising industry claimed that the government's pre-pandemic estimate on the advertising restrictions alone will set the economy back by over £1 billion and cost the advertising industry £171 million.

Some health experts are concerned about the measures placing too much emphasis on individual responsibility for obesity, rather than addressing health inequalities since **obesity was "the result of biological, genetic and social factors" and not just personal choice**. Moreover, the focus on calories – particularly the proposed calorie labels – may be dangerous to individuals with eating disorders.

Impact to Industry

The implication that the food industry is responsible for the severity of COVID-19 – through its contribution to the obesity pandemic – is a dangerous claim.

Unfortunately, UK Prime Minister Boris Johnson and the government has made tackling obesity the new front in the nation's fight against the ongoing COVID-19 pandemic. Proposed 'anti-obesity' measures that went through deliberations and public consultations with minimal action taken over the last two to three years, have suddenly been pushed forward all at once with urgency to take effect.

Obesity is a complex, multi-factorial disease that requires a holistic approach going beyond the typical 'anti-obesity' measures such as selective taxes, negative front-of-pack nutrition labels and more.

Furthermore, these measures are announced at a time where the economy and businesses are grappling with the harsh effects of the pandemic. No doubt that the UK's new obesity strategy comes as a punishing blow for both the food and beverage industry and advertising industry.

FIA Action(s)

The UK is one of the first few countries to seriously consider the link between COVID-19 and obesity, place blame on the food industry, and subsequently leverage on this to drive their obesity strategy.

With this in mind, FIA is closely monitoring the developments in the UK and the implications this may have on key markets in Asia, especially since the measures proposed are some of the toughest around the world.

Additionally, FIA's new strategy on food security that encompasses its work across the four pillars will address the pressures that we are seeing around matters pertaining to health and nutrition.

NEUTRAL

UK 'Scraps' Public Health England

Keywords:

Reformulation

On 18 August 2020, the UK Government announced that Public Health England (PHE) and the National Health Service would be succeeded from spring 2021 by a new independent body: the National Institute of Health Protection (NIHP).

The reorganisation of PHE has prompted concerns that the government may no longer be held accountable to the **commitments** made in its latest **obesity strategy**.

Read: [Policy Paper] [Tackling Obesity: Empowering Adults and Children to Live Healthier Lives](#).

In the announcement, UK Health Secretary Matt Hancock acknowledged the excellent efforts by PHE on obesity and said that preventing ill health and reducing health inequalities would remain a "top priority".

It remains unclear as to what this means for the government's obesity commitments and the existing campaigns and obesity programmes led by PHE. Government officials, however, have insisted that work on reformulation would "continue at pace".

In a joint letter, signatories from the Health Foundation, Nuffield Trust and The King's Fund voiced their dismay over this development, citing that dismantling PHE in the midst of a pandemic carries 'serious risks'. "Increased focus on infection control must not come with a loss of focus on the other areas of PHE work" – tackling major avoidable public health challenges such as obesity and growing health inequalities."

Reformulation Programmes in Jeopardy?

On behalf of the government, PHE leads the reformulation programmes on sugar, salt and calories to improve the health outcomes of the nation – all of which have been delayed due to the COVID-19 pandemic

Last month, they published [guidelines on calorie reduction for the food industry](#) and the [second progress report on salt reduction](#). A new set of voluntary salt targets has now been set (see [salt reduction targets for 2024](#)), based on the 2017 version, with revisions made where it is believed there is further scope for reduction.

Most recently, PHE released the [progress report on sugar reduction](#). The findings show that soft drinks are leading in sugar reduction. Despite an increase in the sales of drinks (14.9 percent) subject to mandatory Soft Drinks Industry Levy (SDIL) introduced in 2018, the total sugar sales from these soft drinks decreased by 35.4 percent. Between 2015 and 2019, there was a 43.7 percent reduction in the total sugar content per 100mL for drinks subject to the levy.

While out of scope of the SDIL, the industry is expected to meet the voluntary sugar reduction targets of 5 percent and 20 percent by 2021, for unsweetened juices and sweetened milk-based beverages respectively.

The reductions have been much larger when compared with food categories in the sugar reduction programme, which had only achieved a 3 percent reduction in sugar – a far cry from the 20 percent voluntary target set to be achieved by the end of the year.

However, the report acknowledged that reducing sugar in drinks is more straightforward than it is for some food categories as sugar generally does not provide functionality beyond taste to drinks, such as contributing to colour or structure.

Public health campaign group *Action on Sugar* claims that the contrast between the sugar reduction results of food and drink categories indicates the need for **mandatory reformulation targets**.

NEUTRAL

Choices International, Renewed

Keywords: FOP Label

On 21 July 2020, [Choices International](#) had broadcast a re-launch webinar to present its new identity as more than just a nutrition label, and way of working.

During this webinar, Clémence Ross, President of the Choices Board, and Rokiah Don, Co-Chair of the Choices International Scientific Committee, explained that Choices International is continuously responding to the changes in the global arena of food & nutrition – while their work remains to be centered around science.

The new Choices International identity is made up of five shifts in orientation that took place in recent years:

- from western to global
- from lifestyle diseases to the double burden of malnutrition
- from industry-driven to government-oriented
- from logo to nutrition policies
- from schemes to people

Ross, on behalf of Choices International, made a commitment to the Scaling Up Nutrition (SUN) Movement in the person of Gerda Verburg, UN Assistant Secretary General and SUN Movement coordinator:

*“Choices commits to working together with SUN towards a healthier daily diet for consumers in six African and Asian SUN countries: Indonesia, the Philippines, Vietnam, Nigeria, Kenya, Ghana, with a total number of more than 750 million inhabitants. We will do so in the next three years by **bringing together scientists, industry and national health authorities to support implementing a coherent set of nutrition policies to relieve the double burden of malnutrition.**”*

This commitment was welcomed by Verburg, who underlined the need for long-term, multi-sectoral and multi-stakeholder collaboration to generate a real impact on a national level. She further highlighted the specific role Choices International can play in reaching out to the private sector.

New Choices Logo



Figure 1. Choices International's new logo design

The new logo design (Fig. 1) was unveiled as a symbol of Choices International's new identity as "more than a front-of-pack logo". Beyond its added value of a front-of-pack (FOP) label, Choices International will seek to support the development of a coherent set of nutrition policies.



Figure 2. Choices International's front-of-pack healthier choice symbol

While the new logo (Fig. 1) will shape the identity of the organisation, the **existing healthier choice 'tick'** (Fig. 2) **will remain available as a positive FOP label**.

CHALLENGE Report Claims 'Big Food' Exploited COVID-19 Pandemic for Commercial Gain

Keywords: COVID-19

September 2020: A new report authored by NCD Alliance and the SPECTRUM Consortium claims that Big Alcohol, Big Food and Big Soda have been leveraging the COVID-19 pandemic for commercial gain.

Launched during the 3rd Global Week for Action on NCDs, [Signalling Virtue, Promoting Harm: Unhealthy Commodity Industries and COVID-19](#) is a preliminary exposé and analysis of tactics and strategies adopted by unhealthy commodity industries during the pandemic to date.

The report was developed by gathering examples from advocacy and research specialists around the world to better understand how companies have responded to COVID-19.

Signalling Virtue, Promoting Harm **raises concerns about the prospect of a corporate capture of COVID-19** and outlines four main strategies, illustrated with dozens of examples shared from around the world:

1. Pandemic-tailored marketing campaigns and stunts
2. Corporate social responsibility programmes
3. Shaping policy environments
4. Fostering partnerships with governments, international agencies and NGOs

According to the authors, such actions risk exacerbating the pandemic. Since the early days of COVID-19, they have observed “the growing epidemiological evidence that people living with NCDs are suffering worse outcomes from COVID-19, and that **many producers of unhealthy commodities have rapidly adapted their strategies in an attempt to capitalise on the pandemic and lockdowns**”.

The authors further suggested that tobacco, alcohol and junk food companies have positioned themselves as heroes and partners in the response and have **interfered in public policies** that seek to protect population health.

Katie Dain, CEO of the NCD Alliance, shared that companies are deploying these tactics relatively consistently worldwide to **ingratiate themselves with policymakers** whilst barely concealing **cynical attempts to weaken current rules and head off future policies**.

She added that governments **need to regulate these industries more strictly** to protect people against preventable NCDs and make societies healthier and more resilient to future health threats.

Impact to Industry

This report and its claims that Big Food and Big Soda are capitalising on the pandemic is extremely damaging to the industry’s reputation – perhaps even more so than the BMJ article suggesting that the food and beverage industry shares the blame for both the obesity pandemic and its contribution to the severity of COVID-19 complications.

CHALLENGE [Food Policies Should Prioritise Ultra-processed Food over Single Nutrients, Researchers Claim](#)

Keywords:

COVID-19

Junk Food

Ultra-processed

Public health researchers found that “exposure” to **ultra-processed foods** (UPFs) is **associated with adverse health outcomes**, and are pushing for **government policies and guidelines to focus on UPFs** as a whole, rather than focusing on individual nutrients.

Adverse health outcomes include type 2 diabetes, cardiovascular disease, coronary artery disease, overall cancers, depression, mortality and more.

Access the study: [Ultra-processed Foods and Health Outcomes: A Narrative Review](#)

The study analysed 43 studies involving UPF in relation to any disease, disorder or condition specified in the [International Classification of Diseases](#), and utilised the NOVA food classification that assigns foods into one of the following groups based on the extent and purpose of their industrial processing:

- (1) Unprocessed/minimally processed foods (MPFs);
- (2) Processed culinary ingredients (PCIs) used to cook and season MPFs but not consumed alone;
- (3) Processed foods (PFs) where PCIs is added to MPFs and sold
- (4) UPFs which contain multiple ingredients and are produced via various industrial processes

UPFs would “uncharacteristically” contain substances such as maltodextrin, hydrogenated oil and cosmetic additive to improve taste.

86 percent of the studies analysed reported a statistically significant association between UPFs consumption and at least one adverse health outcome, which the authors believe is related to the processing of these foods.

On the other hand, beneficial outcomes were found associated with diets higher in MPFs, or MPFs combined with PCI, which did not go through the complicated processing that UPFs did. This suggests that something other than nutritional factors (such as the many compounds found in a UPF) may be contributing to the recorded observations.

Potential Implications

The authors suggest that the study’s findings support the notion that inferring health effects from individual nutrients and ingredients is insufficient and “single-nutrient” policies (e.g. salt or sugar taxes) may not be enough to produce beneficial health impacts.

Instead, industrial processing – and its extent and purpose – may add accuracy and reliability in predicting and explaining associations between foods and health outcomes. As such, **UPFs** should be recognised as an overall concept to **describe unhealthy diets, assess the ‘healthiness of foods’ and incorporate into health policies (e.g. a ‘junk food’ tax) and food-based dietary guidelines.**

Impact to Industry

Terms such as ‘ultra-processed’ and ‘junk food’ have been floated around by health campaign groups and public health experts over the last few years globally. Particularly over the last year, these terms are increasingly being mentioned in policy discussions within Asia.

A case in point is the proposed junk food tax in the Philippines, which was initiated in 2019 and once again raised in 2020 with the intentions of recovering stimulus costs amidst the COVID-19 pandemic.

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CHALLENGE Study Links Ultra-processed Foods to Accelerated Telomere Shortening and Premature Deaths

Keywords: Ultra-processed

A recent study published in the American Journal of Clinical Nutrition established the association between consuming **ultra-processed foods** (UPFs) with **accelerated shortening of telomeres, cell ageing and premature deaths**.

Telomeres are markers of an individual biological age at a cellular level.

Access the abstract: [Ultra-processed food consumption and the risk of short telomeres in an elderly population of the Seguimiento Universidad de Navarra \(SUN\) Project](#).

The authors recruited 886 participants aged 57 to 91 years old and evaluated the association between the consumption of UPFs and the risk of having short telomeres, utilising the NOVA food classification system which groups foods based on the extent and purpose of the processing they undergo).

They noted “strong” inverse associations between telomere length and the **consumption of alcohol, sugar-sweetened beverages, processed meats and food high in saturated fat and sugar**.

Further research in larger, longitudinal studies with baseline and repeated measures of telomere length is needed to confirm the study’s observations.

Although other research indicates a connection between UPFs and several serious conditions such as obesity, hypertension, metabolic syndrome and more, these conditions are often age-related and therefore challenging to associate definitively with the consumption of UPFs.

Highlighting that UPFs are nutritionally poor and often unbalanced, the authors shared that their consumption is on the rise globally and is highly profitable for their producers due to their inexpensive ingredients, cost effective manufacturing processes and long shelf-life.

REFORMULATION

NEUTRAL Australia Reveals Voluntary Salt Reformulation Programme

Keywords: Sodium

August 2020: The Australian Government has released [a range of voluntary sodium reformulation targets](#) for the local food and beverage (F&B) industry to achieve over the next **four years**.

Implemented under the Australian Department of Health’s (DOH) [Partnership Reformulation Programme](#) starting **1 July 2020**, the sodium reformulation targets cover **27 sub-categories of packaged foods** which fall under the broader categories of bakery, cheeses, coated meat and seafood, sauces, processed meats, snacks and soups.

The DOH hopes to see an 80 percent compliance rate by F&B firms to implement these targets voluntarily.

Public Health Experts Call for Mandatory Reformulation Targets

However, researchers at the George Institute for Global Health believe that voluntary targets for sodium are unlikely to have a significant impact on population health, citing past examples such as the sodium reformulation targets set by the Government in 2011.

Food Policy PhD candidate Dairy Coyle claims that the compliance rate for the 2011 targets had varied greatly between companies as the targets were not mandatory, and anticipate that similar results (or the lack thereof) will be observed with the new targets.

To ensure “**strong implementation, accountability and transparency**”, the targets should ideally be **mandated** or, at the very least, **strictly monitored by the Government and public health professionals** the uptake of the targets by F&B companies. Mandating these targets would help to even out the playing field across the industry and achieve actual positive public health results.

Coyle also expressed scepticism as to whether the sodium targets would be able to achieve the ambitious goal of a 9 percent (212mg) reduction of sodium intake per person per day.

Focus on More Food Types and Retailers

In a [recent study led by Coyle](#) that examined the sodium content in food products purchased by 7,000 Australian households, it was found that the three largest contributors to sodium intake were retailers. In four food categories making significant contributions to sodium intake (i.e. processed vegetables, milk, edible oils and spreads and dips) had not been included in the Partnership Reformulation Programme.

SUSTAINABILITY

CHALLENGE

WHO Releases Manifesto for a Healthy Recovery from COVID-19

Keywords:

COVID-19

Tax

In late May, the World Health Organisation (WHO) released a [Manifesto for a healthy recovery from COVID-19](#).

‘Actionables’, or practical steps for implementing the prescriptions of the Manifesto was later provided by the WHO on 23 July 2020. They aim at “*creating a healthier, fairer and greener world while investing to maintain and resuscitating the economy hit by the effects of COVID-19*”.

FIA has briefly detailed below prescriptions of the Manifesto and highlighted key actionables that may be of concern (in bullet points).

1. Protect and preserve the source of human health: Nature

On Climate Change:

- Improve the efficiency of material use, recycling and re-use of materials and products and increase overall reduction in product demand.

2. Invest in essential services, from water and sanitation to clean energy in healthcare facilities

3. Ensure a quick healthy energy transition

4. Promote healthy, sustainable food systems

- **Develop or update national food-based [dietary guidelines](#)** through the full integration of **environmental sustainability elements** in each of the guideline's recommendations, according to national contexts.
- **Promote diets which are based on a variety of unprocessed or minimally processed foods**, include wholegrains, legumes, nuts and an abundance and variety of fruits and vegetables and which can include moderate amounts of eggs, dairy, poultry and fish, and small amounts of red meat.
- Consider use of **trade policy**, including instruments such as tariffs and quotas, to improve sustainable food supply.
- Implement policies and actions to create healthy, safe and sustainable food environments (such as strengthening of food control systems, **restricting marketing of foods contributing to unhealthy unsustainable diets, nutrition labelling policies, fiscal policies**, public food procurement policies, **reformulation to gradually reduce saturated fat, sugars and salt/sodium and trans-fat from foods and beverages**).

5. Build healthy, liveable cities

6. Stop using taxpayer's money to fund pollution

On Cross-cutting Actions:

- Conduct health, economic and environmental impact assessments of future and existing policies and interventions.
- Allocate resources across sectors to account for the expected health impacts of sector-based policies. Use **fiscal and financial mechanisms to influence environmental determinants of health** through investments in adequate housing, energy efficiency, cycling and pedestrian networks, and mass transit, as well as **taxation of unhealthy products and practices**.

Full details on the comprehensive set of key actionables: Access them [here](#).

A Global Movement for Health and the Environment

The WHO notes that in most countries, Finance Ministries will take the lead in defining COVID-19 economic recovery packages. Given the **integral connection between the environment, health and the economy**, it is also important that **health leaders**, such as Chief Medical Officers, **are directly involved in their design**, report on the short- and long-term public health repercussions that they may have, and give their stamp of approval.

There is widespread public support for policies that do not seek only to maximize GDP, but to protect and enhance wellbeing, and for governments to combat climate change and environmental destruction with the same seriousness with which they are now fighting COVID-19.

Impact to Industry

Several elements of the Manifesto and its key actionables provided are likely to pose as a challenge – direct or indirect – to the food and beverage industry. In particular, **regulatory instruments (e.g. marketing regulations and nutrition labelling policies), and economic incentives or disincentives**

(e.g. **taxation and subsidies**) have been suggested for policymakers to explore in promoting healthy diets.

FIA Action(s)

As part of its Health & Nutrition Pillar, FIA continues to monitor developments in Asia around marketing and nutrition labelling regulations, as well as fiscal measures.

In particular, pressures around fiscal measures being introduced in the region are growing, as governments are dealing with falls in revenue in H1 2020 while simultaneously having to finance unprecedented stimulus packages to cushion the economy from the impacts of COVID-19.

Overly restrictive marketing regulations, negative nutrition labels and selective taxes are actively being considered by several governments in Asia. These are key issues of concern that are also actively managed by the Secretariat through several advocacy strategies to ensure that FIA and its members are involved (directly or indirectly) in the discussions.

TAXATION

CHALLENGE

[EU Introduces Plastic Waste Tax for COVID-19 Recovery Plans](#)

Keywords:

COVID-19

Sustainability

The European Council has approved the implementation of a plastic tax starting **1 January 2021**, which will contribute towards the COVID-19 recovery fund. The plan proposes a **€0.80 per kg levy on non-recycled plastic packaging waste**, to be **paid by member states** into the EU budget.

Further details on the tax will have to be worked out in a specific law and approved by the European Parliament and Council of the EU. Member states will have large freedom in the implementation of the measures to collect the funds that are to be transferred to the EU.

The European Commission said that the contribution to the EU budget is “**designed to incentivize member states to increase recycling of plastic waste**”.

There were mixed responses to the EU plastic tax.

German government officials welcomed the move, and shared that it is a strong motivation for member states to massively expand their recycling systems.

UK-based recycling expert Vanden Recycling MD David Wilson commented that the tax on non-recycled plastic differs from the conventional approach of setting stipulated targets (with punishment for not meeting the targets), and that the impacts on recycling behaviour will largely be dependent on the implementation of the member states.

The European Plastic Converters criticised the plan, saying that further fiscal measures are not the most efficient tool to drive innovation and investments for recycling of plastic waste, and that the plastic tax will further increase the cost of plastic recycling and encourage shifts to other packaging materials with bigger environmental impacts.

UK Think Tank Proposes 'Junk Food' Tax

Keywords:

Junk Food

Reformulation

The Institute for Public Policy Research (IPPR), a UK think tank, released a new report with recommendations for the government to help tackle childhood obesity, including one to **extend its Soft Drinks Industry Levy (SDIL) to unhealthy foods**.

Read the IPPR's report: [The Whole Society Approach: Making a Giant Leap on Childhood Health](#)

This comes as the case for obesity as a major risk factor for severe COVID-19 implications becomes ever more compelling. Earlier in July, Public Health England (PHE) released [insights from new evidence](#) on excess weight and COVID-19.

The IPPR's report detailed that one-fifth of children entering secondary school today are classified as medically obese – in comparison to the less than 2 percent of children being obese in the 1980s.

Citing the “successful” junk food taxes implemented in Mexico and Hungary, the report recommended (among others) a **non-essential levy of eight percent** be applied to **unhealthy foods** exceeding a set threshold for energy density, to help the government achieve its target of halving child obesity rates by 2030.

It had also referenced studies that showed an average reduction of 7.6 percent in household purchases of sugary drinks in the first two years of the tax in effect.

The IPPR added that a tax would **incentivise food producers to reformulate** their products to be healthier.

Revenue generated from this “fatty food” tax could be earmarked for a healthy food subsidy scheme – which costs GBP 1.5 billion annually – that would provide any essential foods for children on free school meals.



Impact to Industry

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