

THE DANISH 'FAT TAX': EXPLOITING PUBLIC HEALTH CONCERNS TO JUSTIFY UNPOPULAR DEFICIT REDUCTION MEASURES

According to the Danish Government, its tax law on saturated fatty acids in foods which came into force on 1st October is meant to help promote better diets and improve public health. The benefits claimed, however, are refuted by both the WHO and OECD, who have studied the issue of food taxes closely; and the costs fall unfairly and disproportionately on the poorest in society, as well as risking competitiveness across the EU. The belated acknowledgment by the Danish Government that the measure is indeed a means of raising finance to reduce the public deficit does nothing to address and resolve those problems.

There is NO evidence of health benefits from a 'Fat Tax'...

Experience in countries where such health taxes have been implemented shows that taxes are NOT an effective approach to tackling complex diet and life-style-related problems More specifically,

- A World Health Organisation (WHO) Review investigating the effectiveness of economic instruments "*found no direct scientific evidence of a causal relationship between policy-related economic instruments and food consumption, including foods high in saturated fats*"^[i].
- According to a recent OECD Study^[ii] conducted on the effects of a discriminatory tax in Denmark on sugary products, the tax had no impact on reducing obesity or other lifestyle-related diseases.

This is unsurprising as the Danish tax focuses on a specific nutrient, rather than on diet, even though there is clear evidence that obesity and health in general can only be managed appropriately when looking at multiple factors^[iii].

The arbitrary choice of food groups included and derogations granted further reveals political and fiscal rather than scientific or health motivations: cocoa butter containing around 65% of saturated fats will not be taxed, while vegetable fat ingredients in chocolate confectionery, the so-called cocoa butter equivalent (CBE), will be discriminated against as a result.

...But plenty of evidence of the unjust and unnecessary costs!

Clearly, this tax penalises all consumers, regardless of how balanced their diet or how healthy their lifestyle.

But more than that, it is socially unjust in that it will impact disproportionately the low income population, who spend a larger share of their income on food than other income categories.

And quite perversely at a time when jobs and economic issues are so important, this unjustified tax will fragment the European Internal Market, distorting the free movement of goods. This is forcing industry to develop specific solutions for the Danish market, pushing up costs and undermining competitiveness both in Denmark and other EU countries.

Conclusion

There are no health grounds on which this tax is justified; but there are many socio-economic reasons why it should be abandoned. The ability of Government to successfully implement measures to tackle deficits will be diminished if a more genuine discussion of the merits and motivations of a measure is not properly conducted.

There are clear lessons for all EU Member States from this - which we urge them to learn rather than repeat.

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ⁱ Goodman C, Anise A What is known about the effectiveness of economic instruments to reduce consumption of foods high in saturated fats and other energy-dense foods for preventing and treating obesity, WHO Regional Office for Europe (Health Evidence Network report; 2006)

ⁱⁱ OECD (2004): Health data from OECD (See: <http://www.oecd.org/dataoecd/16/8/34969655.pdf>)

ⁱⁱⁱ Willet et al (2002) *Dietary fat is not a major determinant of body fat*. The American Journal of Medicine 113(9B):47S-59S