

LUNCH SESSION

A consumer and data-driven vision to include true prices in EU food policy

TAPP event in Brussels
March 23rd 2023





GERBEN-JAN GERBRANDY

**Chair Supervisory Board Dutch
Food, Transition Coalition &
TAPP Coalition**



JEROOM REMMERS

Director of TAPP Coalition



WIM DEBEUCKELAERE

**EU Commission DG Sante
(Farm to Fork Strategy Unit)**



TRUE ANIMAL PROTEIN PRICE COALITION

Who are we?

- 60+ partners in the TAPP coalition with various backgrounds.
- Representing over 0,6 million EU citizens.
- Partners in USA and EU countries.
- Over 5000 companies & ngo's in > 100 countries supported our carbon pricing food campaign in 2021.

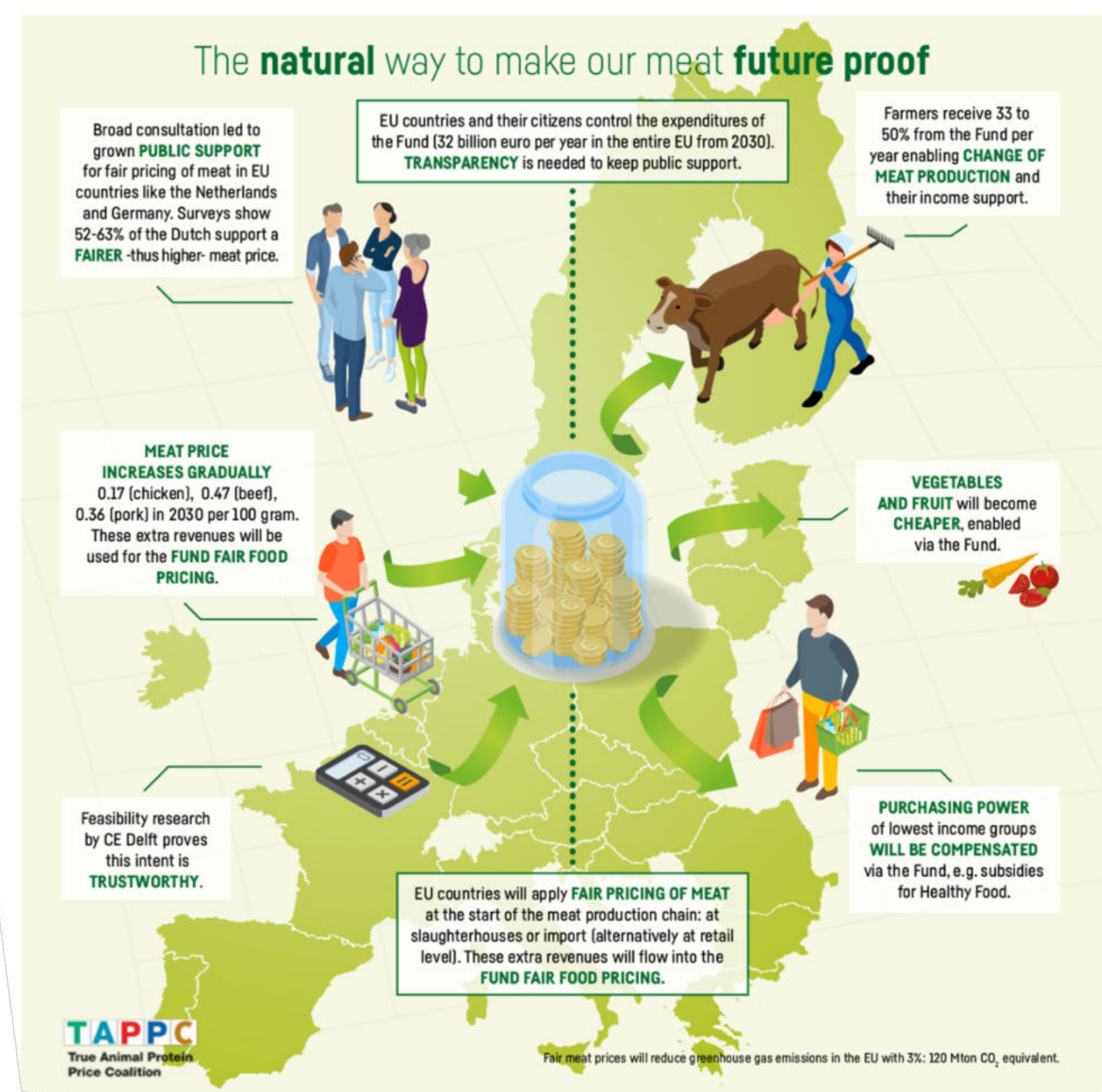


What do we do?

- Reports on true pricing/fiscal incentives.
- Policy advocacy in EU.
- Global and consumer campaigns.
- Projects with higher meat prices.



TAPP'S DUTCH SUCCESS STORY



IPSOS & CE DELFT RESEARCH



- **60% (EU) agree with true food pricing.**
- **CE Delft proved feasibility.**
- **EU Parliament supports VAT-reform .**
- **Support from important Member States too.**



What are we waiting for?

CE Delft report

- ‘Sustainability charge on meat’.

TAPP report

- ‘Aligning food pricing policies with the European Green Deal’.

EU Parliament

- 5th Feb 2022.

OUR FOOD DOES NOT INCLUDE ALL COSTS

Accessible unhealthy food leads to:

- **Negative effects for environment;**
- **Bad health population;**
- **High health costs government;**
- **Agri-pollution.**

TRUE PRICING

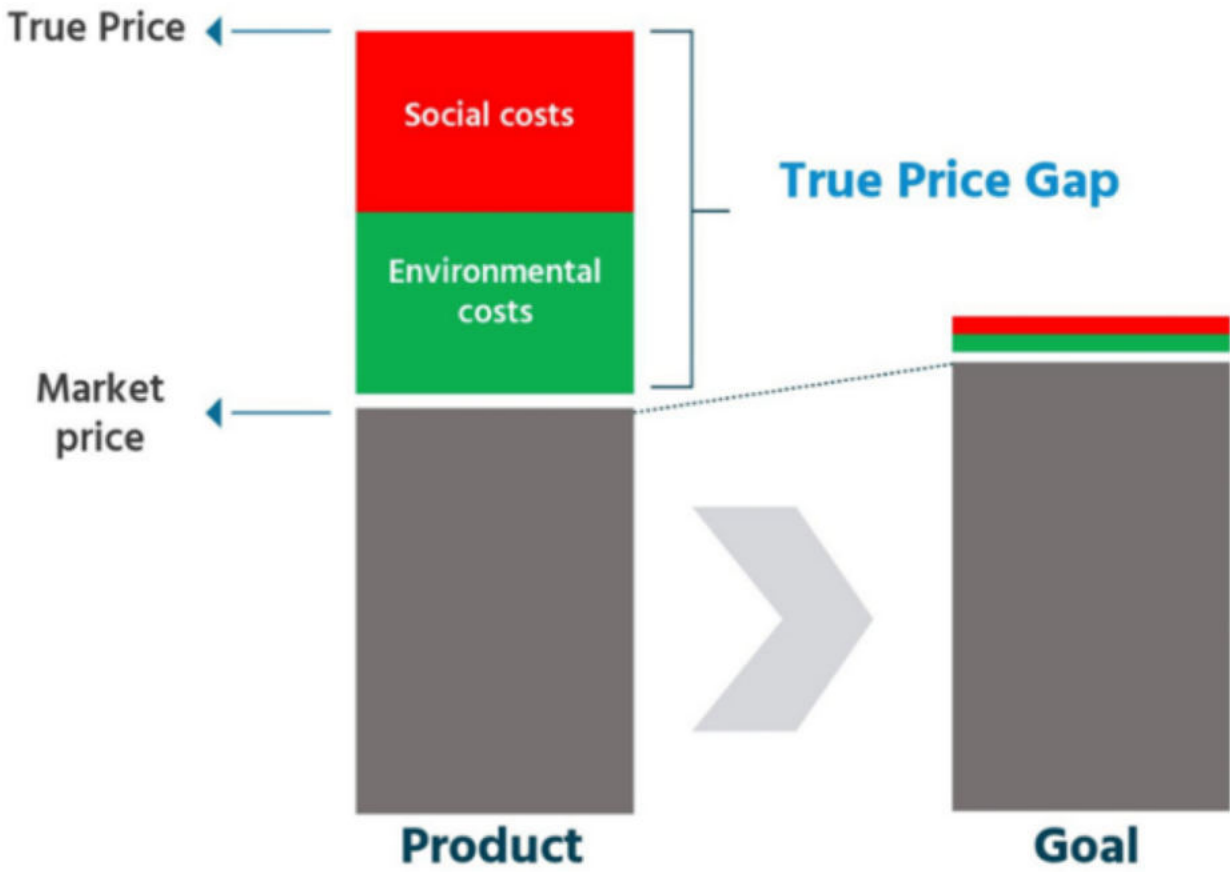
0% VAT on healthy, sustainable food

Higher VAT on unhealthy, non sustainable food

Leads to:

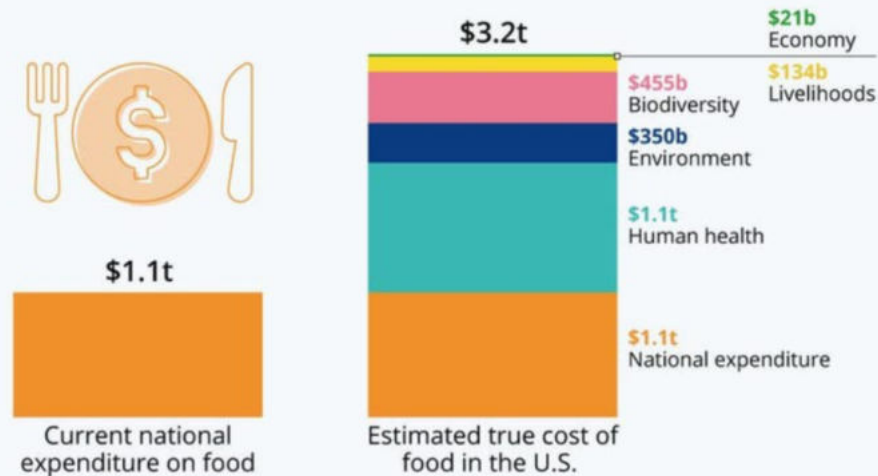
- **Better health population;**
- **Lower health costs government;**
- **Less agri-pollution.**

FOOD PRICES DO NOT REFLECT ALL PRODUCTION COSTS



The True Cost Of Food Is Three Times What Americans Pay For it

National annual U.S. food expenditure and its estimated true cost as of 2021*



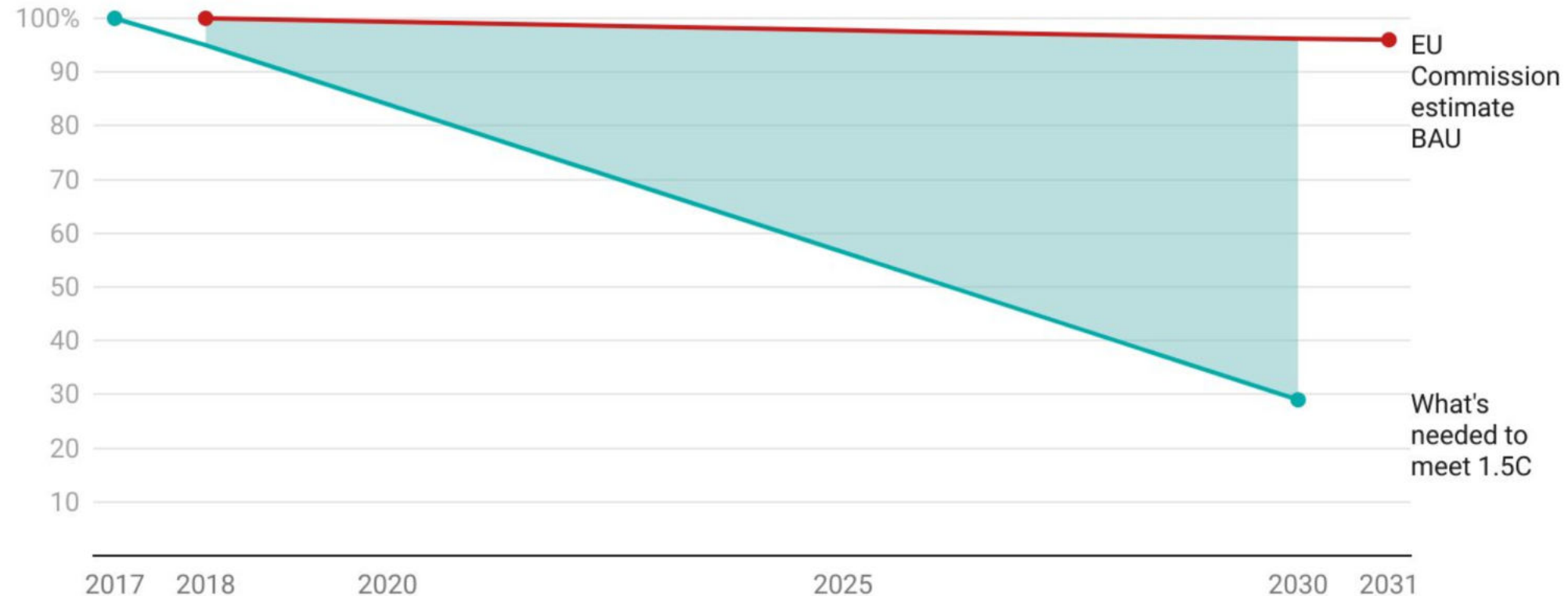
* True cost includes hidden factors such as health, environmental and economic impact of the U.S. food system.
Source: The Rockefeller Foundation



- **Tax incentives should drive transition to sustainable food system.**
- **EU tax systems should ensure food prices reflect the true costs.**
- **Message Farm to Fork Strategy: Avoid low meat price → code of conduct → legislation.**
- **EU Code of Conduct evaluation.**

EU meat consumption reduction - 14-year period

EU Commission estimate based on BAU scenario (-4% between 2018-2031) vs. reduction rate needed to meet 1.5C (-71% between 2017-2030)



Source: Madre Brava based on Eurostat and Greenpeace data • Created with Datawrapper

*Germany, France &
The Netherlands*



60% of EU consumers agree on a VAT reform:

- *Netherlands: 57%*
- *France: 65%*
- *Germany: 58%*

Majority agrees with:

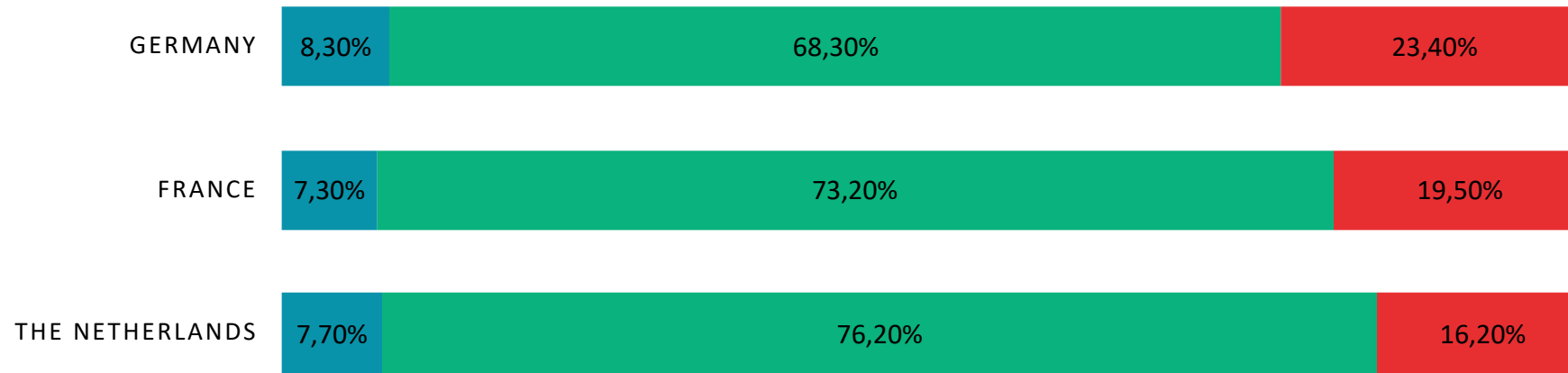
- 0% VAT on healthy or sustainable food.
- **15% VAT increase conventional meat + sugary drinks.**

SUPPORT TAPP COALITION PROPOSAL

- **57-81% support for:**
 - True meat price;
 - 0% VAT on healthy and sustainable food products;
 - Extra payments to farmers ;
 - Compensation for low-income groups.
- **Similar results from DVJ insights survey and EU Barometer.**

POLLUTERS PAY PRINCIPLE

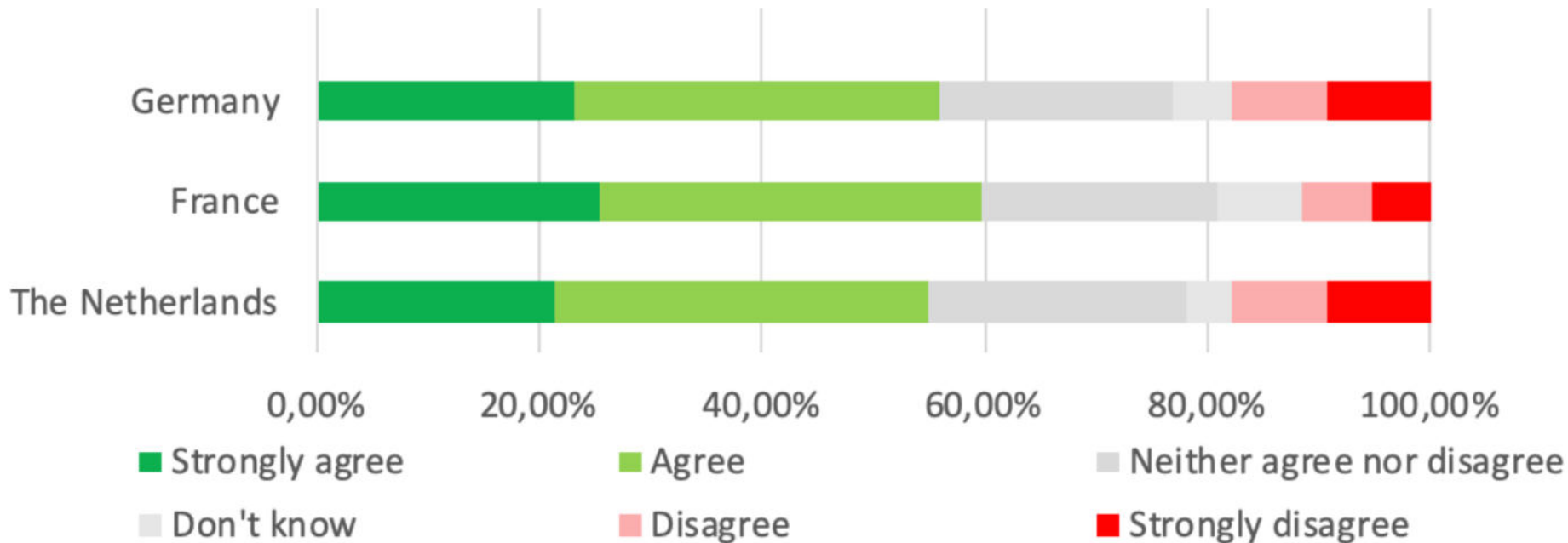
70-75% prefer supermarkets/consumers pay GHG tax



■ Let farmers pay

■ Let supermarkets/consumers pay

10% LOWER EXPENDITURES ON FOOD (€ 250/YEAR)



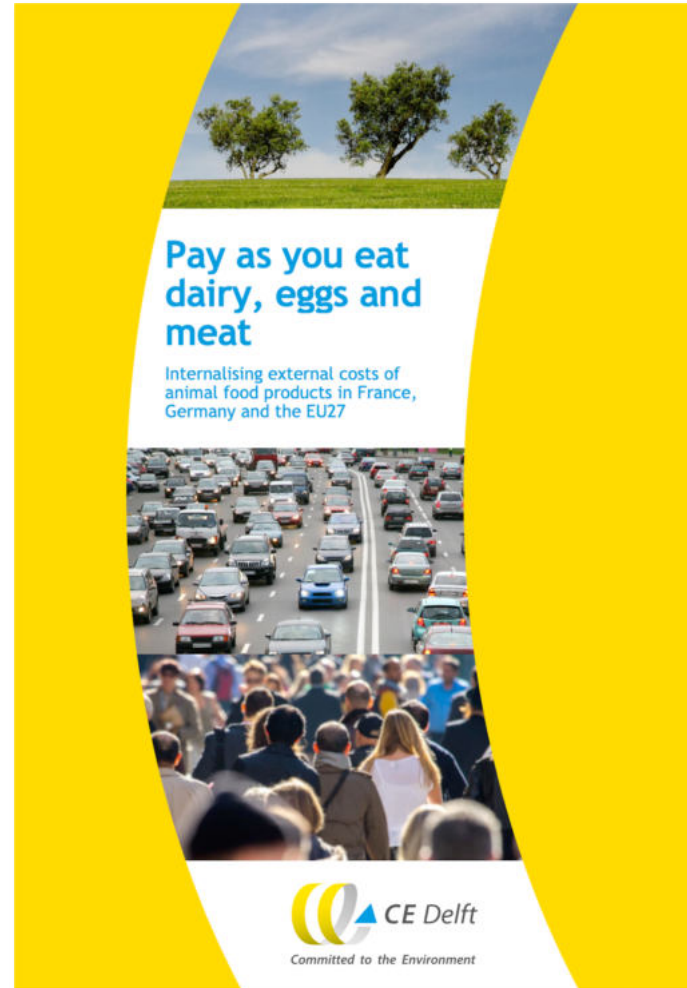
0% VAT fruit, vegetables, bread, grain products, coffee, tea, organic and fair trade food, meat/dairy substitutes.

Non-organic meat / dairy normal VAT rate.

Free food vouchers:
€ 15/month organic food, vegetables or fruit.

REPORT “PAY AS YOU EAT DAIRY, EGGS AND MEAT”

*Internalising external costs of
animal food products in
France, Germany and EU27*



Data provided by
Ecologic and I4C

MAIN RESULTS: ENVIRONMENTAL IMPACT

1. Determine % price increase for environmental costs.
2. Consumer's response to price increase: Price elasticities.
3. Calculate reduction in consumption.

MAIN RESULTS: 3 POLICY OPTIONS

1. **Excise levy, based on external costs.**
2. **VAT increase.**
3. **ETS livestock: Emissions trading system GHG-emissions.**

MAIN RESULTS: EXTERNAL COSTS (€/KG)

Table 1 - External cost estimates for meat, eggs, milk and cheese in EU27 (€/kg, conventional farming)

Impact category	Unit	Beef Beef cattle (incl. veal)	Beef Dairy cattle	Pork	Chicken	Eggs	Milk	Cheese (Gouda)
Particulate matter formation	€/kg	3.66	0.74	0.56	0.39	0.33	0.11	0.88
Climate change	€/kg	2.38	0.63	0.47	0.44	0.23	0.10	0.76
Marine eutrophication	€/kg	1.61	0.28	0.13	0.07	0.06	0.04	0.33
Terrestrial acidification and eutrophication	€/kg	1.18	0.23	0.17	0.09	0.08	0.04	0.28
Agricultural land occupation	€/kg	0.65	0.13	0.16	0.10	0.07	0.02	0.16
Terrestrial ecotoxicity	€/kg	0.49	0.18	0.37	0.32	0.25	0.03	0.21
Human toxicity	€/kg	0.13	0.03	0.03	0.02	0.01	0.00	0.03
Total	€/kg	10.15	2.24	1.91	1.44	1.03	0.34	2.68

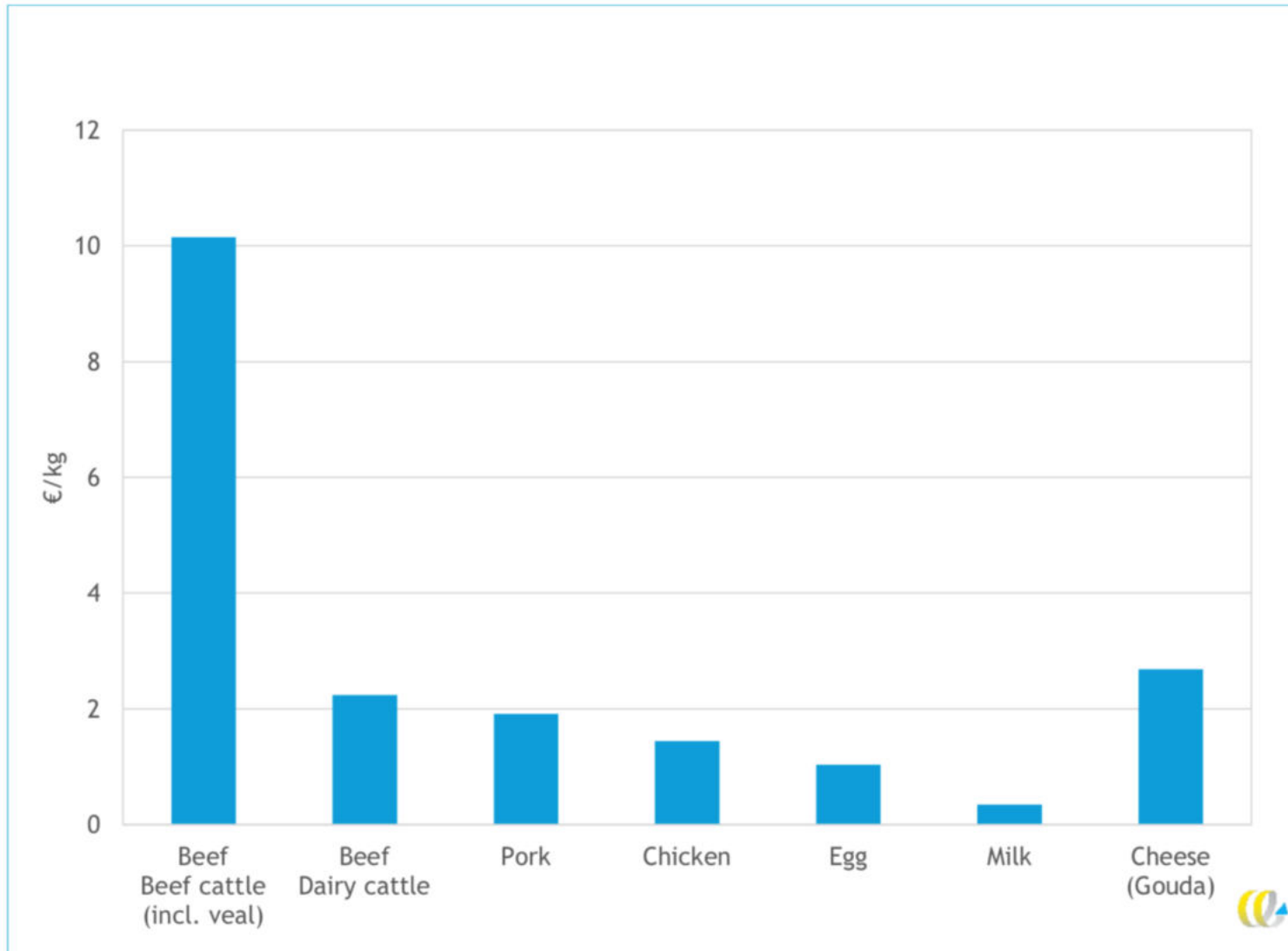
~35%

~20%

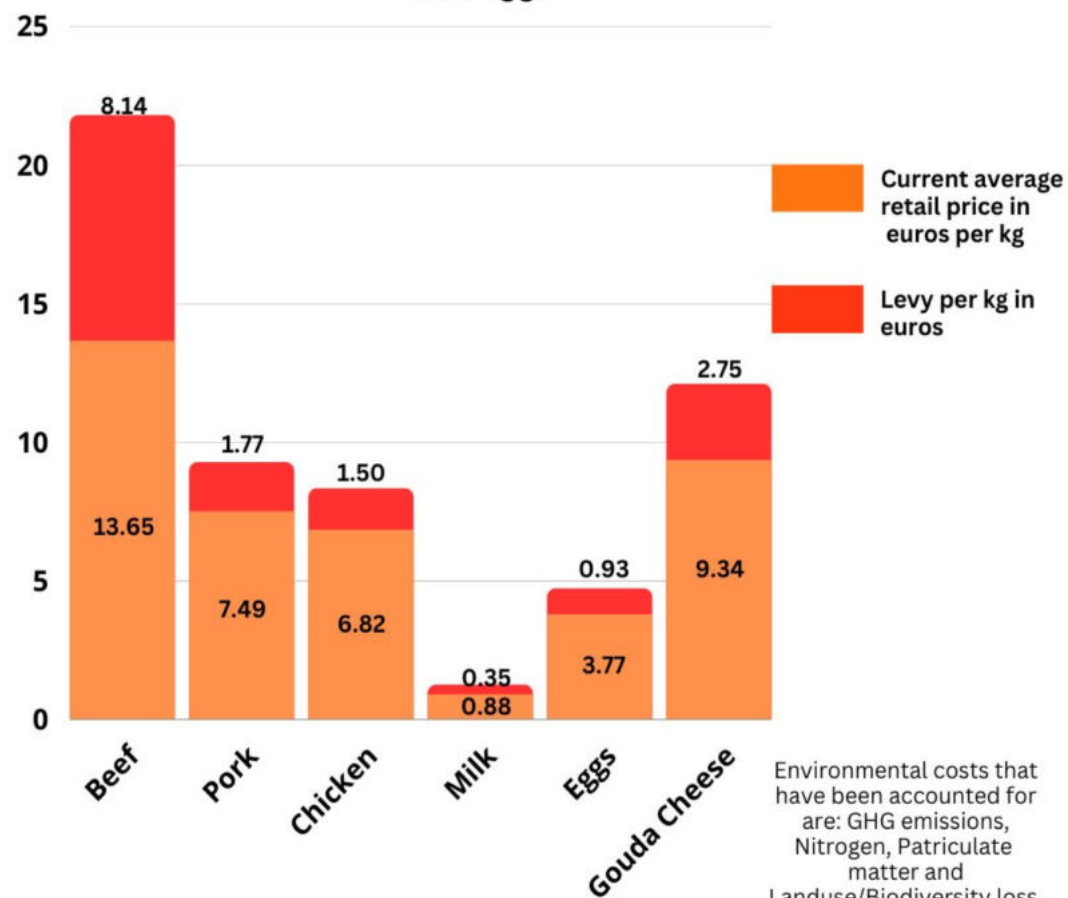
~10-15%

Beef from dairy cattle: ~ 20%

Figure 2 - Total external costs of conventional meat, eggs, milk and cheese in EU27 (€²⁰²¹/kg)



Price increase (%) when full
external environmental costs are
included in prices of meat, dairy
and eggs



LOWER VAT TARIFF MEAT/DAIRY = ENVIRONMENTALLY HARMFUL SUBSIDY

- **Phasing out harmful subsidies: EU Roadmap Resource Efficiency.**
- **Bulgaria, Denmark, 3 Baltic States: normal VAT rate meat/dairy eg. 25% VAT Denmark.**

Table 8 - Existing VAT rates in EU member states for meat and dairy compared to standard VAT rates

Member state	Code	Meat	Milk/dairy	Standard
Austria	AT	10%	10%	20%
Belgium	BE	6%	6%	21%
Bulgaria	BG	20%	20%	20%
Croatia*	HR	13%	13%	25%
Cyprus	CY	5%	5%	19%
Czech Republic	CZ	15%	15%	21%
Denmark	DK	25%	25%	25%
Estonia	EE	20%	20%	20%
Finland	FI	14%	14%	24%
France	FR	5.5%	5.5%	20%
Germany	DE	7%	7%	19%
Greece	EL	13%	13%	24%
Hungary	HU	5%	5%	27%
Ireland	IE	0%	0%	23%
Spain	ES	10%	4%	21%
Sweden	SE	12%	12%	25%
Population weighted average^	EU27	7.8%	7.2%	21.1%

A photograph of raw meat, likely pork, arranged on a wooden cutting board. The board is garnished with fresh rosemary sprigs, black peppercorns, and white peppercorns. The background is a dark wooden surface.

RESULTS VAT INCREASE

After VAT raise, internalisation rates 3 times higher.

EU meat consumption - 6 kg per capita.

- 10% beef consumption; pork/poultry - 8%.



**VAT revenues
increase
€ 19.3 bln**



**External costs
decrease
€ 8.3 bln**



**VAT revenue
recycling**



Food vouchers



**Big CO2
reduction**

EU ETS FOR LIVESTOCK FOR FARMERS?

- Easier if **slaughterhouses/dairy or retail regulated**.
- GHG emission per type of animal.
- Differentiation conventional/ organic farming.

Concerns:

- CAP reforms (agri-subsidies) more effective?
- Long lead times & monitoring.
- External cost coverage limited.

**High VAT on meat & dairy, 0% VAT
vegetables, fruit, cereals, bread.**

	€/cap/a
Austria	-41.7 €
Belgium	-32.5 €
Germany	-29.8 €
Netherlands	-48.1 €
Poland	-14.9 €

→ Food overall 10% cheaper is possible.

- **Polluter pays principle GHG emissions livestock, ETS.**
- **Countries consider meat/dairy tax for 2030 climate goals (NL).**





Less meat & dairy (IPCC); more plant-based



80% GHG-emissions from food



UN Secretary-General

**“We are on a
highway to
climate hell”**



TOP 5 PRIORITIES FOR EU FRAMEWORK SUSTAINABLE FOOD SYSTEMS (FSFS)

PRIORITY 1

- **Encourage 0% VAT for healthy and sustainable food.**
- **Switch to qualified majority voting on tax issues.**

PRIORITY 2: Polluter Pays Principle

- **PPP in agri & food policies climate/pollution.**
- **Farmers or supermarkets should pay for GHG-emissions (ca. 90 euro/ton).**
- **Increase EU import taxes on meat, dairy, soy.**

PRIORITY 3: A FAIR FOOD TRANSITION

- **Social Food & Climate Fund**
- **Healthy Food Credit Cards**

PRIORITY 4: PUBLIC PROCUREMENT – TRUE PRICING

'True pricing' requirements' in quotes, true price calculations environmental criteria; bid with the lowest 'true price' wins.

Requirements for buying a fixed % organic food (eg. 30% by 2030), a max. % red/processed meat (eg max 10%); 50% climate neutral food.

PRIORITY 5: PROMOTION & MARKETING

Promotion campaign warning for negative impacts, about true prices of (animal) food & promoting healthy food.

- EU legislation to end low meat price marketing.
- EU restrictions advertising & promotion subsidies.
- Environment label Planet-Score.



GOAL

- **Cut EU consumption animal proteins 30% by 2030.**
- **Cut GHG-emissions food systems 60% by 2030.**
- **Targets for MS to rebalance dietary patterns, now.**
- **44% plant-based versus 56% animal-sourced proteins to: 61% plant-based ; 39% animal-sourced in 2030.**



SUMMARY

- **60% W-Europeans agree pricing meat/dairy with 0% VAT healthy food/plant-based.**
- **CE Delft showed feasibility, solving problems.**

WHAT ARE WE WAITING FOR?

- EU Parliament already supported VAT-reform.
- Support from important Member States too.
- Now you know how; why consumers support it.





ROBERT VAN RIJSSEN

- **EU Commission**
- **Update FSFS & reaction**
- **Followed by Q&A (20 minutes)**

Questions?

Legislative framework for a sustainable food system

TAPP Coalition
Food systems and food pricing
23 March 2023

Robert van Rijssen
Farm to Fork Strategy Unit
DG SANTE

European Union



NEW FRAMEWORK LEGISLATION ON A UNION SUSTAINABLE FOOD SYSTEM

OVERARCHING OBJECTIVE:

*Set the foundations for the **systemic changes** that are needed by all actors of the food system, including policy makers, business operators and consumers in order to **accelerate the transition to a sustainable EU food system**.*

Promote policy coherence at EU and national level, mainstream sustainability in all food-related policies and strengthen the resilience of food systems.



What are the problems?



The long-term viability and resilience of the food system is compromised



Making healthy and sustainable choices remains too complicated



The Union regulatory structure of the current food system does not support a sustainable Union food system

WHY SHOULD THE EU ACT?

National approaches are emerging with different starting points/coverage/concepts that could fragment the internal market, create obstacles to the free movement of goods

Common EU basis underpinning the sustainability of the food system will ensure a harmonised and well-functioning internal market across all Member States

- It will enable economies of scale and create incentives for food system business operators towards sustainability;
- A proactive, recognizable and reliable framework will also enhance the credibility of the European Union, towards its citizens as well as towards third countries



Enabling elements:

Definitions

Overarching
objectives and
principles

Governance

Policy building blocks:

Minimum
requirements

Sustainability
labelling

Sustainable public
procurement

MINIMUM SUSTAINABILITY REQUIREMENTS

Option 1	Option 2	Option 3	Option 4		Option 5
Voluntary approaches	Setting legally binding principles/objectives to be operationalised with detailed requirements in thematic/sectoral legislation, following review	Primary responsibility of food system actors (strengthened due diligence) for sustainability purposes	Elimination from the Union market of the least sustainable food system operations by setting minimum sustainability requirements based on the – ‘do no harm principle’		A combination of options 2, 3 and 4
			4A – Operations relating to products produced in the EU (incl. exports)	4B – Products produced and placed in the EU (imports are covered in the scope)	

SUSTAINABILITY LABELLING

Option 1	Option 2	Option 3		Option 4	
		New EU framework for sustainability labelling			
Voluntary instruments	Reinforcing existing legislation	General framework for sustainability related information to consumers for all foods + voluntary harmonised EU sustainability label		General framework for sustainability related information to consumers for all foods + mandatory harmonised EU sustainability label	
		3a: only for food products of higher sustainability performance.	3b: all food products	4a: for all EU food products	4b: for all EU and imported food products



Option 1	Option 2	Option 3
Voluntary instruments	General provisions and requirements aiming to raise awareness and improve skills and knowledge of SPP, capacity building and support authorities in using public procurement strategically	Mandatory general and specific requirements

GOVERNANCE

Provide a frame for a multi-level cooperation of food system actors

- Laying down appropriate processes and arrangements to enhance, and frame multi-level cooperation, engagement and public participation both at EU, MS and regional or local levels

Provide a basis for the development of food sustainability strategies by MS

- Introduction of provisions requiring or recommending MS to develop plans to meet certain identified goals/objectives set out in the FSFS or nationally set (quantified) goals in specific areas
- National Strategies should be regularly reviewed
- MS performance would be monitored via a monitoring framework with key indicators for the food system, the main features of which could be laid down in the FSFS

NEXT STEPS

Finalisation of the Impact Assessment

Drafting of the legislative proposal

Adoption of the proposal foreseen in **Q3 2023**



THANK YOU



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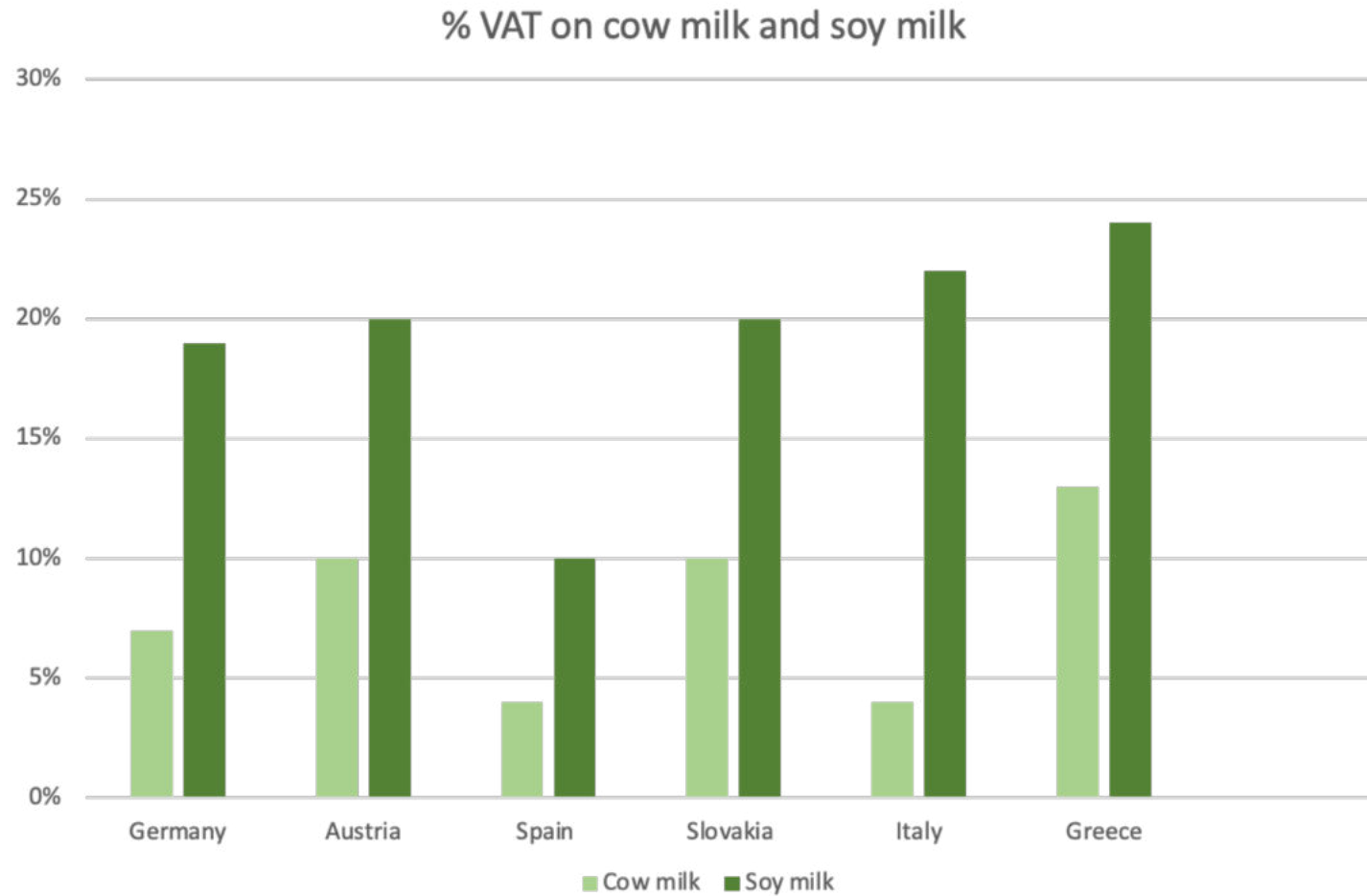
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THANKS FOR YOUR ATTENTION!

Questions?

<https://tappcoalition.eu>
info@tappcoalitie.nl
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MORE SUSTAINABLE... BUT HIGHER TAXES



Organic dairy & beef: 14-18% lower environmental costs compared to conventional beef/dairy

Table 5 - External costs of conventional and organic animal agriculture in EU27 per kg

System	Beef Beef cattle (incl. veal)	Beef Dairy cattle	Pork	Chicken	Eggs	Milk	Cheese (Gouda)
Conventional	€ 10.15	€ 2.24	€ 1.91	€ 1.44	€ 1.03	€ 0.34	€ 2.68
Organic	€ 8.41	€ 1.85	€ 1.97	€ 1.74	€ 1.07	€ 0.30	€ 2.32
Difference	-17%	-18%	3%	21%	4%	-14%	-14%

Remark CE Delft: LCA methods not fit to calculate exact biodiversity and animal welfare benefits organic food / meat

VAT revenues on meat can be recycled, given back to consumers to reduce prices for healthy food

Food Vouchers up to 69 euro/capita in France, or 0% VAT on vegetables/fruit

Table 14 - Recycling VAT revenues on meat products through vouchers for each member state

Member state	Additional VAT revenue (€ mln)	Voucher per person (€/capita)
Austria	308	35
Belgium	424	37
Bulgaria	0	0
Croatia	120	30
Cyprus	21	23
Czech Republic	163	15
Denmark	0	0
Estonia	0	0
Finland	161	29
France	4,660	69
Germany	2,538	31
Greece	251	23
Hungary	539	55
Ireland	261	53
Italy	3,607	60
Latvia	0	0
Lithuania	0	0
Luxembourg	29	46
Malta	-	-
Netherlands	808	46
Poland	1,706	45
Portugal	606	59
Romania	329	17
Slovakia	107	20
Member state	Additional VAT revenue (€ mln)	Voucher per person (€/capita)
Slovenia	69	33
Spain	2,043	43
Sweden	564	55

MAIN CHARACTERISTICS, SCORE ON IMPORTANT ISSUES:

Table 16 -Tentative Scores of policy instruments to internalise external costs of meat, dairy and eggs

Issues/Instruments	Excise levy			VAT increase	ETS	
	Consumer level	Slaughterhouses, dairy factories and importers	Farm level	Consumer level	Farm level	Slaughterhouse Dairy factories
EU wide policy measure	-	-	-	0	+	+
Options for individual MS	+	+	+	++	0	0
Possibility to include all external costs	++	++	++	-	-	0
Possibility to differentiate towards production methods	-/0	-/0	+	-/0	-/0	-/0
Prevention from carbon leakage without CBAM	++	-	-	++	-	-
Environmental impacts	+	+	+/++	+	+	+
Low administrative burdens	+	+	-	++		
Low implementation costs of governments	+	-/0	-	++	-	-/0

Note: Scores indicate the indicatively assessed relative performance of the policy instrument, so - = bad performance, 0 = modest, += good, ++=very good.