

Lähetäjä: Secretariat ENSA [<mailto:secretariat@ensa-eu.org>]

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Vastaanottaja: Nurmi Tanja VM

Aihe: ENSA response to temporary report of Sugar Tax Working Group

Dear Ms Nurmi,

Please find enclosed the position paper of the European Natural Soyfoods Manufacturers Association in response to the consultation of the Finnish Ministry of Finance on the temporary report of the working group on taxation.

We thank you for your time and consideration. If you have any questions or would like to discuss further, please do not hesitate to contact us.

Best regards,
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***Position of the European Natural Soyfoods Manufacturers Association on the temporary report of the Sugar Tax Working Group in Finland
July 2012***

ENSA, the European Natural Soyfoods Manufacturers Association, welcomes the work of the Sugar Tax Working Group which aims at establishing a fairer and more effective food taxation system.

ENSA already brought to the attention of the Finnish authorities that ***under the current taxation system, there is a clear discrimination made between dairy products and plant-based products such as soyfoods and drinks.*** The current tax on confectionary, chocolate, ice-cream and similar products on the one hand and on soft-drinks on the other hand applies to soy products, such as soy drinks (category 2202), soy yoghurt variation and soy desserts (category 1806 for soy chocolate yoghurt variation and 2106 for other yoghurts). Milk and dairy yoghurts (category 0403), by contrast, are exempted from the tax, even in the case of chocolate dairy yoghurts. Soy foods and drinks do not benefit from the same exemption. ENSA therefore requests that this unfair situation is addressed in the future.

Equal treatment for soyfoods and dairy products

Soy drinks, soy yoghurt variation and soy desserts have a similar nutritional composition as dairy products. They are used in the same way by consumers and at the same consumption moment and they are sold in the same areas in the supermarket. Soy products are directly competing with dairy products, while offering a vegetal, lactose-free alternative to consumers.

Thanks to the nutritional composition of soyfoods they fit perfectly in a healthy diet: they contain high quality protein, unsaturated fats and are low in saturated fats. Most products are also enriched in vitamins and minerals such as calcium.

The temporary report stresses that “the tax system should be such that no one can be considered to receive a competitive advantage” and “when constructing a tax model, the goal (...) should be a model that as far as possible directs consumers towards healthier choices”.

A tax which would apply to soyfoods and not to comparable dairy products would not only provide a competitive advantage to dairy products by making soyfoods more expensive to consumers, but it would also give the impression that soyfoods are less healthy alternatives than similar dairy products, whereas both types of products are nutritionally interchangeable as part of a healthy diet.



The situation of soyfoods in the proposed three tax models

Option 1: A tax model based on the total sugar content of products

This model may seem to be the most adequate model for an objective, fair and non-discriminative taxation as far as soy foods are concerned as long as the total sugar content is considered (added+ non-added sugar). Under such a model, it can be assumed that soy products which typically contain the same amount of sugar as similar dairy products would be treated in the same way as dairy products and both would be subject to the same tax.

It is absolutely necessary that all dairy products are covered by the tax model, including cow's milk which naturally contains sugar (lactose). Yet, according to the working group's proposal, only milk products sweetened with sugar would be subject to the tax under this model, which would mean a de facto exemption for cow's milk despite the fact that it contains as much total sugar as similar soy drinks. With such an exemption, this tax model does not differ from the option 2 of a tax model based on the amount of added sugar (see next part). If an exemption is granted to all or certain dairy products under this model, a similar exemption should also apply to soy products which have an equivalent nutritional composition, including in terms of sugar content.

Like dairy products, soy products have established nutritional benefits and fit perfectly in a healthy diet. Soyfoods are a source of high quality protein, they contain unsaturated fatty acids and are low in saturated fatty acids.

This tax model presents the risk of favouring dairy products over soy products if similar exemptions are not granted to both types of products.

Option 2: A tax model based on the amount of added sugar

From a nutritional point of view, there is no scientifically justifiable reason to treat products differently which naturally contain sugar and products which contain added sugar when the overall sugar content is the same in both products types. All sugars provide the same energy (kcal) and the body deals with mono and disaccharides in the same way, no matter what the source is¹.

Soyfoods are naturally free from lactose, which is the naturally occurring sugar in dairy milk. The amount of added sugar matches the level of sugar which occurs in cow's milk and dairy products.

¹ Southgate, David AT. "Digestion and Metabolism of Sugars." The American Journal of Clinical Nutrition (1995): 203S-10S.



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As far as soy products are concerned, **this tax model would therefore create again a situation of discrimination against soy products which contain added sugar compared to dairy products which contain lactose**, whereas in fact the total amount of sugar and therefore the impact on the daily intake of sugar is the same for both types of products. This tax model would be in particular affecting people who suffer from lactose intolerance, as soyfoods which are naturally free from lactose would be more expensive than similar products which contain lactose but are not suitable for this group of consumers.

We therefore believe that this tax model is the least appropriate against the objectives of having a model which is at the same time non-discriminatory and promoting healthier products.

Option 3: A tax model based on a wider range of products

This tax model would not change the existing system but would only extend it to more products. A more inclusive tax would a priori reduce the risks of discrimination between products, although it depends on the criteria for inclusion under the tax model. According to the working group's proposal, additional product covered by the tax would include sweet cakes, pastries and biscuits.

Extending the categories of foodstuffs covered by the tax would reinforce the fact that soy products are misplaced as a category of foodstuffs covered by the tax. We see no reason why soyfoods would be subject to the same tax provisions as products which are so unlike them such as sodas, ice creams and pastries whereas the products which are the most similar dairy products are not.

As far as soyfoods are concerned, **this option could only be acceptable if soy products would be granted similar exemptions as the exemptions which currently apply to dairy milk and dairy products.** Granting an exemption to soy products would ensure fair competition between dairy and soy products, meet the objective of promoting healthy products.

In conclusion, the European Natural Soyfoods Manufacturers Association supports a tax model which would provide the same exemptions to soy products as the exemptions provided to similar dairy products, regardless of the origin of sugar in these products.



About ENSA

Established in January 2003, ENSA represents the interests of Natural Soyfoods Manufacturers in Europe. ENSA is an association of internationally operating companies, ranging from large corporations to small, family-owned businesses.

ENSA represents:

- 11 companies, operating mainly in the 27 EU countries, but also present around the world, in America, Africa, Asia and, the Middle East.
- Close to 550 M€ in annual turnover
- More than 1500 direct employees, 7500 indirect jobs

For more information on ENSA, please visit www.ensa-eu.org or contact the ENSA Secretariat.

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