



Study to support the impact assessment of the initiative to limit industrial trans fats in the EU

Key aspects and findings

European Commission,
Directorate General for Health and Food Safety
Food information and composition, food waste

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Options considered

- **Option 1 – Establishment of a limit for industrial trans fats (iTFA) content in foods**
 - Option 1a: Voluntary agreement with food business operators to set a limit for industrial trans fats content in foods
 - Option 1b: Legally-binding measure to set a limit for industrial trans fats content in foods
- **Option 2 – Introduction of the obligation to indicate the trans fats content of foods in the nutrition declaration**
- **Option 3 – Prohibition of the use of partly hydrogenated oils in foods**
 - Option 3a – Voluntary measure to eliminate the use of partly hydrogenated oils
 - Option 3b – Legal measure to prohibit the use of partly hydrogenated oils
- **Combining mandatory labelling with legislation (2 + 1b or 2 + 3b)**
- **Combining mandatory labelling with voluntary agreements (2 + 1a or 2 + 3a)**

Summary of the approach

Summary of the approach (1)

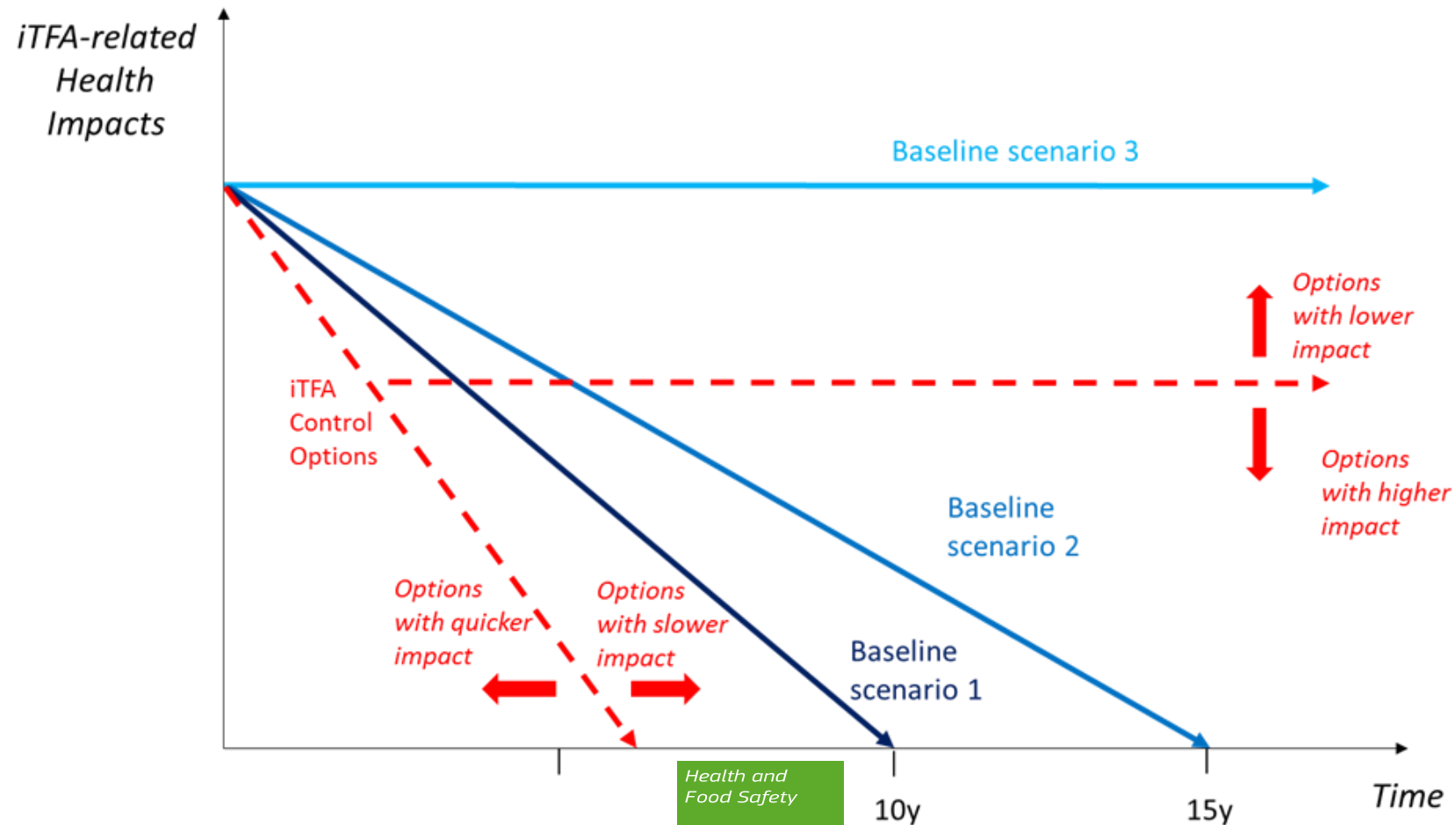
- **Structuring**
- ICF developed **logic models** for the policy options, which helped identify the relevant impacts
- This helped inform
 - The data collection
 - Assessment of impacts
 - Validation consultation
- **Data collection**
 - ICF **reviewed existing data** (peer-reviewed articles and grey literature); and
 - **Collected primary data** from stakeholders in countries that have implemented similar measures to tackle trans fatty acid (TFA) intake via:
 - **Interviews with competent authorities** in the target countries and **representative organisations** at EU level;
 - **Follow-up** research with **selected food industry sectors** in those target countries to gather supplementary information.



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Summary of the approach (2)

- **Definition and assessment of the baseline**
 - Uncertainties around the baseline led us to defining 3 variants of the baseline scenario



Summary of the approach (3)

- **Assessment of impacts for all policy options**
- *Social impacts* – Health impacts were assessed using the model developed and used by JRC, with some modifications to the model's assumptions to reflect the additional evidence collected; the impacts of the options on health inequalities were assessed qualitatively, drawing from evidence gathered in the literature review
- *Economic impacts* – ICF developed an Excel-based model for the assessment of economic impacts, assessing administrative and compliance costs to businesses, and administrative costs to public authorities
- *Environmental impacts* – Environmental impacts were assessed qualitatively, drawing from evidence gathered in the literature review

Summary of the approach (4)

- **Validation consultation**
 - Key estimates and assumptions were put to consultation via an online survey tool
 - The tool consisted essentially of closed questions, and provided additional space for contributors to justify responses and provide evidence to support alternative estimates / assumptions
 - The consultation was sent to representatives from the industry, National Competent Authorities, health and consumer associations, academic experts specialised in the relevant fields (social impacts, economic impacts, environmental impacts)
- **Revision of the analysis**
 - The analysis was refined on the basis of the feedback obtained during the consultation and ISG feedback

Summary of impacts

Social impacts

Health impacts

- **Options 1b and 3b** deliver the highest health-related cost savings; they would lead to **savings** with a present value of **€94,008 million** under variant 2 of the baseline scenario
- **Options 1b and 3b** lead to the highest reduction in morbidity and mortality (as measured in terms of DALYs); they would reduce the disease burden by **6 million DALYs** for the EU population under variant 2 of the baseline scenario

Health inequalities

- **Options 1b and 3b are expected to have the largest beneficial effect upon health inequalities.**
This is because:
 - They deliver the **largest** overall health-related benefits;
 - The health benefits are **universal**;
 - The benefits are (providing there is compliance by the food sector) **assured** – there are no intervening uncertainties relating to FBOs' propensity to collaborate or to consumer awareness.

Economic impacts (1/2)

Direct costs to businesses

- **Options 1b and 3b** affect the highest number of businesses (more than 1 million). These options would lead to the highest **administrative costs** (**18 M EUR** and **19 M EUR** respectively).
- **Option 2** would lead to the highest compliance costs (**9,570 M EUR**) due to the need to change the label for all packaged food products.

Direct costs to public authorities

- **Options 1b, 2 and 3b** involve the introduction of legislation. MS will incur **costs establishing the policy**, these costs are estimated to be a one-off cost of **6 M EUR***.
- **Options 1b, 2 and 3b** would prompt monitoring and enforcement costs (**6.1, 1.5, 6.5 M EUR respectively**).
- **Option 2** needs to be supported by a **mass media campaign** to raise consumer awareness of the health impacts of TFAs. The cost of such a campaign is estimated at **260 M EUR**.

Effects on consumers

- **Option 2**, the option with higher costs for businesses, is likely to have the greatest effect on **consumer prices** (although it is likely to be a small increase).
- **Options 1b and 3b** might affect **product attributes**, though no evidence of significant negative impacts was found.

* Option 1b will have lower costs since 5 MS

Economic impacts (2/2)

Single Market

- Evidence suggests a **difference in market conditions** in different parts of the EU. In West and Central Europe action to limit iTFAs has been widespread. **Options 1b and 3b** would have a significant **harmonising effect** for the Single Market.

Trade effects

- Action to eliminate iTFAs from food is taking place internationally; taking action on iTFAs (**all options**) would tend to **enhance** rather than reduce **competitiveness**, although any impact in that regard is likely to remain small.

Impact on SMEs

- **Options 1b, 2 and 3b** would potentially have **significant negative impacts on SMEs**. That is because SMEs may face greater difficulties, compared to larger companies, in absorbing the costs of reformulation and relabeling. SMEs will also bear a sizeable share of the overall costs because of the high proportion of SMEs in the food chain, for instance in the food service industry.

Environmental impacts

Environmental impacts

- **Options 1b, 2 and 3b** might lead to higher impacts on the environment compared to options 1a and 3a. It is **unclear** whether or not **any net impact on the environment** as a result of action to reduce iTFAs will be positive or negative.
- The extent of such impacts depends on:
 - The degree to which palm oil is used as a substitute for PHOs;
 - The degree to which any increase in palm oil demand results in environmental damage;
 - The relative environmental impacts of palm oil compared to partially hydrogenated oils (typically soy) and alternatives.

Combined options

2 + 1b or 3b

Combining mandatory labelling with legislation

- Not expected to yield significant **additional health benefits** over and above those delivered by Option 1b or 3b
- Expected to result in **higher costs**. Some of the costs of combining labelling with legislation will be additive, while others will be incurred once only, e.g. costs of product testing, reformulation

2 + 1a or 3a

Combining mandatory labelling with voluntary agreement

- Expected to yield **additional health benefits** in terms of further avoided health-related costs
- Expected to yield **higher costs**, although some costs will overlap

Overall conclusions on the policy options

Despite some uncertainties the study delivers a clear message



• **The assessments identifies the legislative options 1b and 3b as those that perform best in terms of:**

- Health benefits
- Reductions in health inequalities
- Improvements in functioning of Internal Market

Options	1a	1b	2	3a	3b
DALYs saved M	0.7	6	1	0.7	6
Health inequalities reduction	(+)	++	(+)	(+)	++
Internal market	(+)/(-)	++	0	(+)/(-)	+(+)

■ Efficiency

Options	1a	1b	2	3a	3b
Administrative and compliance costs (NPV, M EUR)	50	297	9826	59	346
Health-related savings (NPV, MEUR)	11,078	94,008	15,353	11,078	94,008
Ratio of monetised benefits to costs	222	317	1.6	189	272

- Consistency
- Proportionality

• **Option 1b performs marginally better than Option 3b in terms of integration of the EU market in terms of efficiency and coherence**

Despite some uncertainties the study delivers a clear message

- **These results are robust across all the variants of the baseline scenario, and irrespective of remaining uncertainties on parameters such as:**
 - The level of participation of food businesses in voluntary agreements and the impact of participation on intake
 - The extent to which Option 2 would lead to changes in consumer behaviour
 - The scale and cost of consumer awareness-raising campaigns
 - The unit label adjustment costs
 - The number of food products on the EU market and the number of labels to be changed
- **Resolving these uncertainties would not change the fundamental results on:**
 - Overall balance between benefits and costs of the legislative options
 - Relative performance of the options on measures of effectiveness and efficiency



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THANK YOU !

