Duncan Selbie
Chief Executive, Public Health England

5 October 2017

Dear Duncan

I understand from correspondence I have received that EU sugar production quotas have recently ended. Concern has been raised with me about the likely lowering of sugar prices which will result, and the consequent effect on sugar consumption and therefore public health.

You are well aware of the Health Committee’s concern about sugar consumption and its effects on obesity. I know that Public Health England is working hard to reduce both sugar and calorie consumption following publication of the Government’s Childhood Obesity Plan last year. We are looking forward to seeing the first monitoring reports on progress with that work in the spring of next year.

I would be grateful if you would let us know what assessment Public Health England has made of the effect on sugar consumption, and therefore on public health, of the ending of EU sugar production quotas; and what advice PHE has offered to the Government on the appropriate policy response.

I would expect the Committee to wish to publish your response, though if you would like to supply us with any information in confidence, I would be happy to discuss that with my Committee colleagues.

Yours sincerely,

Dr Sarah Wollaston MP
Chair of the Committee
Dear Sarah

Thank you for your letter on European Union (EU) sugar production quotas.

We have not undertaken a formal assessment of its potential effect on sugar consumption but believe the risk is mitigated by the sugar reduction programme and our purchase and analysis of industry commercial data will undoubtedly allow us to pick this up. We begin our analysis of the data and metrics from mid-November onwards and, as you know, we will publish next March our first assessment of the progress the food and drink industry have made towards the initial 5% reduction. This will be by each of nine food categories and will name products and companies that have done well and otherwise.

We have also begun our work on calorie reduction generally and will publish a consultation on this during 2018.

In a nutshell, whether sugar costs less or more, the food industry serving the U.K. knows what it needs to do and we will unrelentingly hold them to this and publicly publish their progress. Should this not be sufficient, we will give further advice to Government on what further steps are available to them.

I would be happy to discuss further should either you or the Committee require anything further.

With best wishes

Yours sincerely

Duncan Selbie
Chief Executive
Dear Michael

I understand from correspondence I have received that EU sugar production quotas have recently ended. Concern has been raised with me about the lowering of sugar prices which is likely to result, and the consequent effect on sugar consumption and therefore public health.

I am sure that you will be aware of the Health Committee’s concern about sugar consumption and its effects on obesity, as expressed in our report of March this year. I am sure you will also be aware that Public Health England is working hard to reduce sugar consumption following publication of the Government’s Childhood Obesity Plan last year. We are looking forward to seeing the first monitoring reports on progress with that work in the spring of next year.

I would be grateful if you would let me know what assessment your Department has made of the likely effects on sugar consumption, and therefore on public health, particularly levels of obesity, of the ending of EU sugar production quotas. I would also be grateful if you would let me know what policy responses the Government has considered to ensure that the ending of these quotas does not have an adverse effect on public health, and in particular how your Department plans to ensure that the ending of quotas does not undermine the efforts of other parts of Government to tackle the very serious, and growing, problem of obesity.

I would expect the Committee to wish to publish your response.

Yours sincerely,

Dr Sarah Wollaston MP
Chair of the Committee
Dr Sarah Wollaston MP, Chair
Health Committee
House of Commons
London
SW1A 0AA

15 November 2017

Dear Sarah,

Thank you for your letter of 5 October to the Secretary of State about the end of sugar beet production quotas and the possible impact on public health. I am responding as the Minister responsible for the policy area.

Production quotas on products like milk, potatoes and sugar beet were never intended as a policy intervention to curtail demand for certain products for public health reasons, and are an ineffective tool for achieving such policy objectives. Their principle aim was to attempt to reduce volatility for producers. The delivery of health outcomes is best delivered by duties in the case of alcohol or cigarettes or a levy as in the case of soft drinks which contain sugar.

As of August this year, the approximate retail price of bagged sugar per kilo was £0.68 whilst its wholesale price across the EU was approximately £0.45. Sugar prices have mostly increased since the 1970s. They peaked in 2011 before falling back to 2002 levels in 2016, although they have started to rise again in recent quarters. Household purchases of bagged sugar have also declined since the 1970s, and today just 0.25% of the average household shopping basket is made up of granulated, icing, caster sugar or glucose (for use in cooking). The relationship between retail sugar price and household purchases of bagged sugar is not linear, and factors other than retail price have significant effects. OECD and FAO projections suggest that average sugar consumption per capita in the EU is likely to fall over the next decade.

Of course, most sugar consumed today is contained within processed or ready made products such as soft drinks, biscuits and confectionery. The price of sugar is a relatively low proportion of the overall manufacturing costs of such products, and fluctuations in the wholesale price of sugar are likely to change the costs of manufacturing by only small amounts (for a can of soft drink, for example, by only a fraction of a penny). Evidence on food and drink purchases from the Family Food survey suggests that consumers have been deriving lower proportions of their energy intakes from sugar in recent years. I strongly believe that policies such as the soft drinks levy, which targets the value of the final product and drives industry reformulation, are likely to be far more effective than trying to manipulate prices through sugar beet quotas.
Tackling childhood obesity requires collective action across many parts of Government, and my department works very closely with the Department for Health, the Treasury, Public Health England and others to provide an effective and comprehensive response. As you mention, the Childhood Obesity Plan, published in August 2016, set out comprehensive actions across Government to analyse all the factors contributing towards a child becoming obese, including sugar consumption. The Treasury’s Soft Drinks Industry Levy will come into force in April 2018 and is already having an effect. Several major companies have accelerated their reformulation work to cut sugar ahead of the introduction of the levy, and we now expect that more than 40% of all drinks that would otherwise have been in scope of the levy will have been reformulated before it is introduced. Similarly, Public Health England is leading an ambitious programme to reduce the sugar content of those foods which contribute most sugar to children’s diets by 20% by 2020. It will publish data and monitor this closely to ensure that sufficient progress is made. My Department will also keep under review the effect of the removal of quotas on sugar prices.

I too am looking forward to seeing the first monitoring reports on progress with the sugar reduction programme. If sufficient progress has not been made, this Government will consider whether alternative levers need to be used.

GEORGE EUSTICE MP

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1 Source: Consumer Price Inflation Time Data Series Dataset
https://www.ons.gov.uk/economy/inflationandpriceindices/timeseries/cznn/mm23

2 Source: Commission dashboard for sugar

3 Source: Consumer Price Inflation Time Data Series Dataset
https://www.ons.gov.uk/economy/inflationandpriceindices/timeseries/cznn/mm23

