



HEALTH AND WELLNESS REGULATORY F&B TRENDS IN LATAM

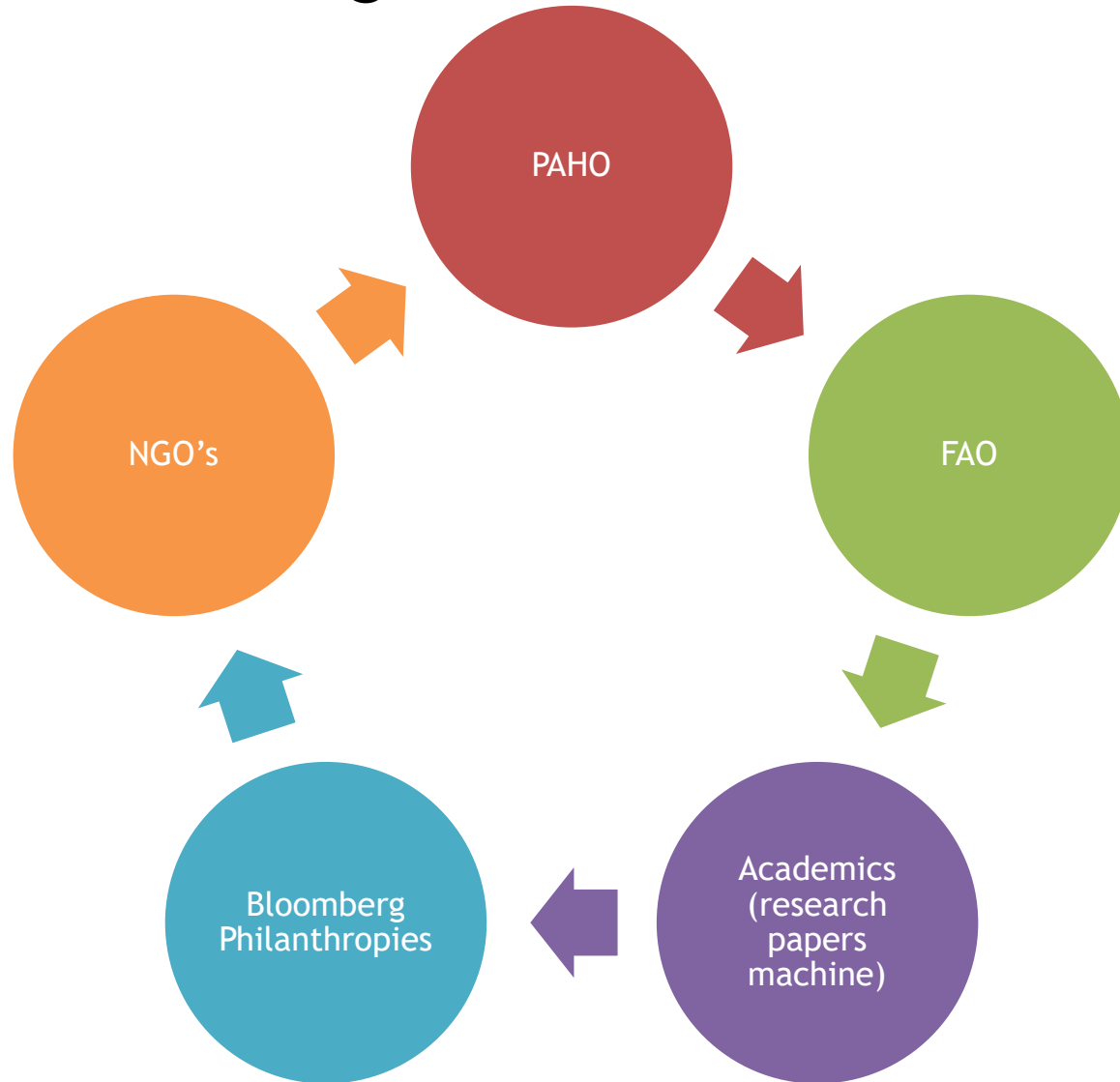
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- Globally, regulatory trends aimed to tackle overweight, obesity and NCD's are:
 1. Fiscal measures
 2. Nutrition labelling
 3. Advertising aimed at children
 4. F&B expenditure in schools
- In general, industry agrees with this approach, both from self-regulation and regulation perspective
- But LATAM is the region with more numerous and strict regulations, basically taxes and nutrition labelling/advertising:
 - Resulting in overregulation
 - With a high risk of spread



A regional network of overregulation promoters



Researchers from North Carolina U., Yale, California U., Sao Paulo U (NOVA System), NPHI Mexico (high calorie density concept) and Chile U.

México 2016
FOP,
mandatory



Ecuador 2013
BOP, mandatory



Chile 2016
FOP, mandatory



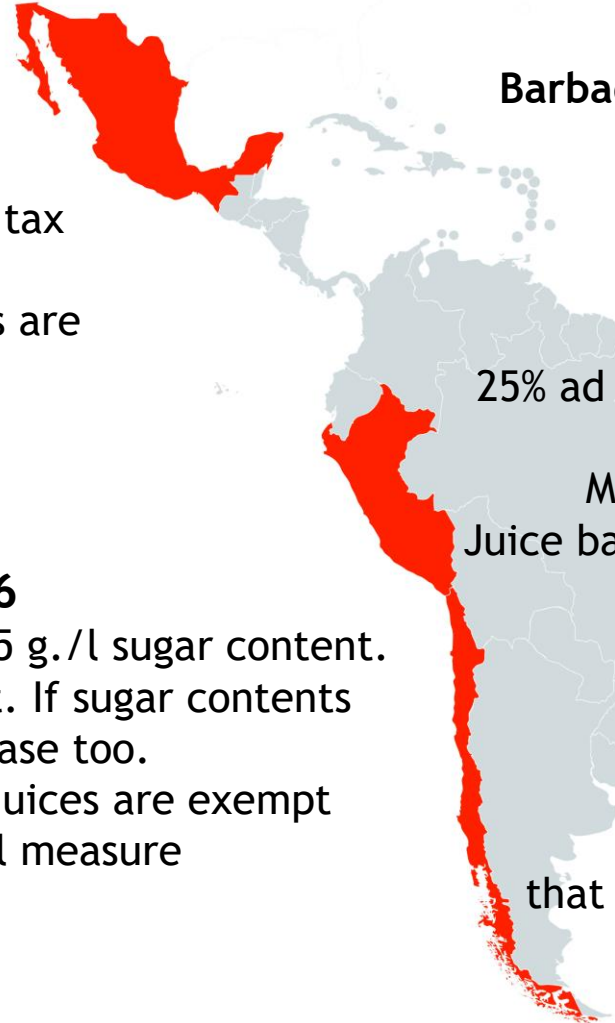
Peru 2019
FOP, mandatory



Uruguay 2018
(technical standards pending)
FOP, mandatory



“Sugar taxes” LATAM



Mexico 2014

\$1.17/l on SSB's and 8% ad valorem tax
high energy dense foods
Milk based beverages and 100% juices are
exempt
Health related fiscal measures

Ecuador 2016

SSB's with, at least, greater than 25 g./l sugar content.
Tax fee depends on sugar content. If sugar contents
increase, tax fee increase too.
Milk based beverages and 100% juices are exempt
Non-health related fiscal measure

Barbados & Saint Vincent and Granadines 2015

Peru 2018

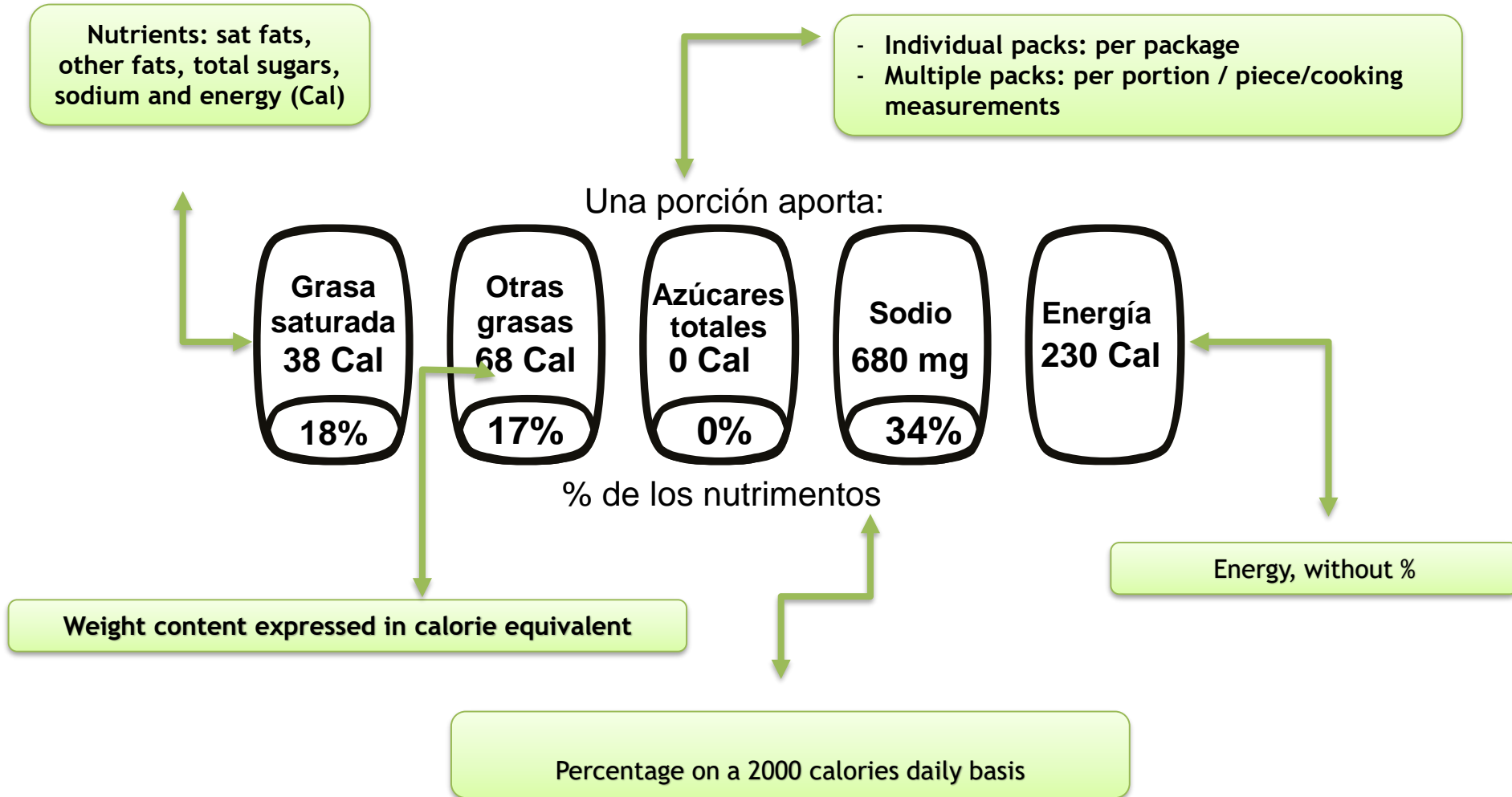
25% ad valorem tax on SSB's with more than 6 g of sugar/100
ml
Milk based beverages and 100% juices are exempt
Juice based beverages are taxed between 17% - 25% (< 6%-17%
y > 6% 25%)
Health related fiscal measure

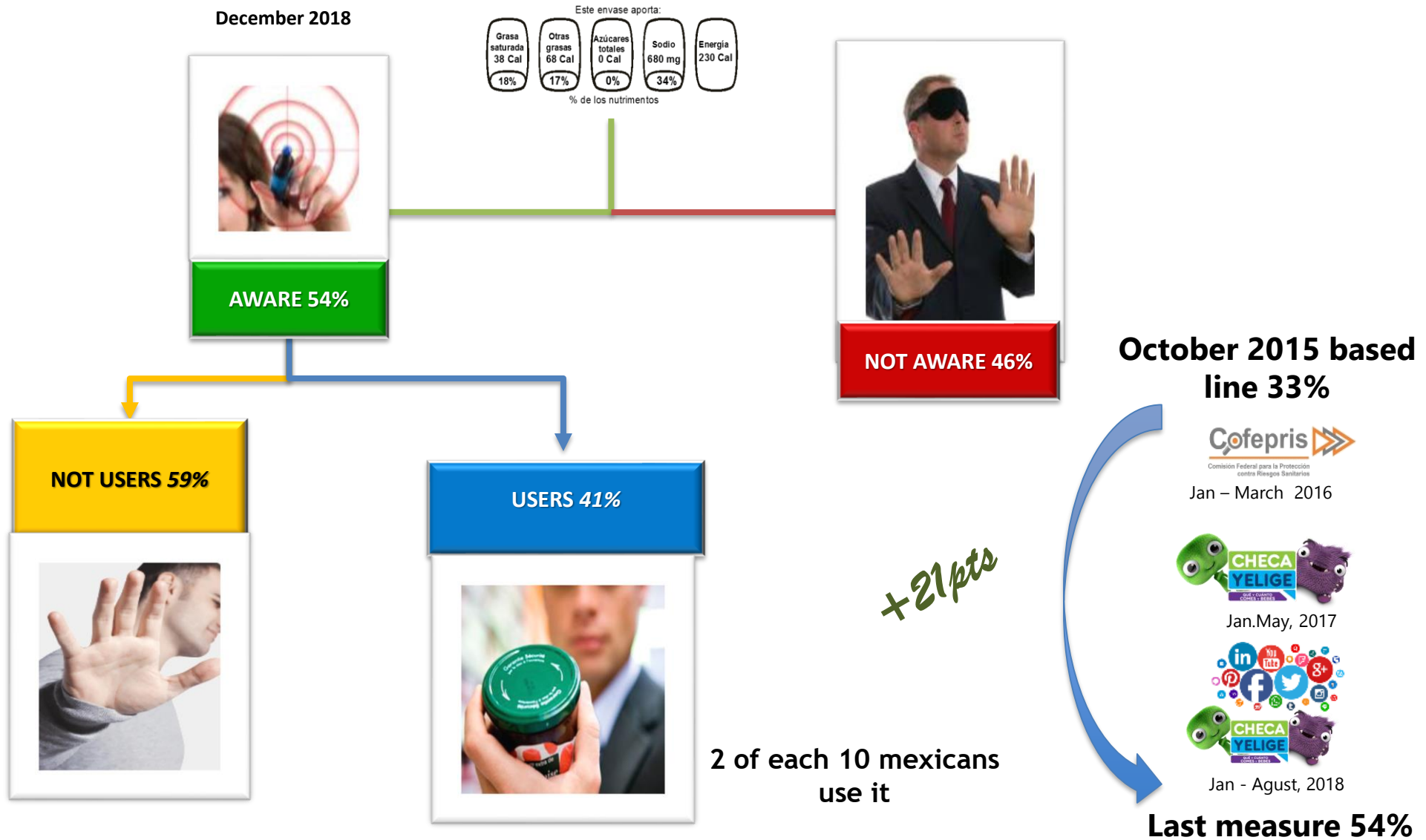
Chile 2015

18% ad valorem tax on SSBs
that contain more than 6.25g of sugar/100ml and a 10% tax on
beverages with less
than 6.25g /100ml.
Milk based beverages and 100% juices are exempt
Non-health related fiscal measure



MEXICAN CASE, FOP-LABELLING AND EXCISE F&B TAXES





Taxes on food and beverages

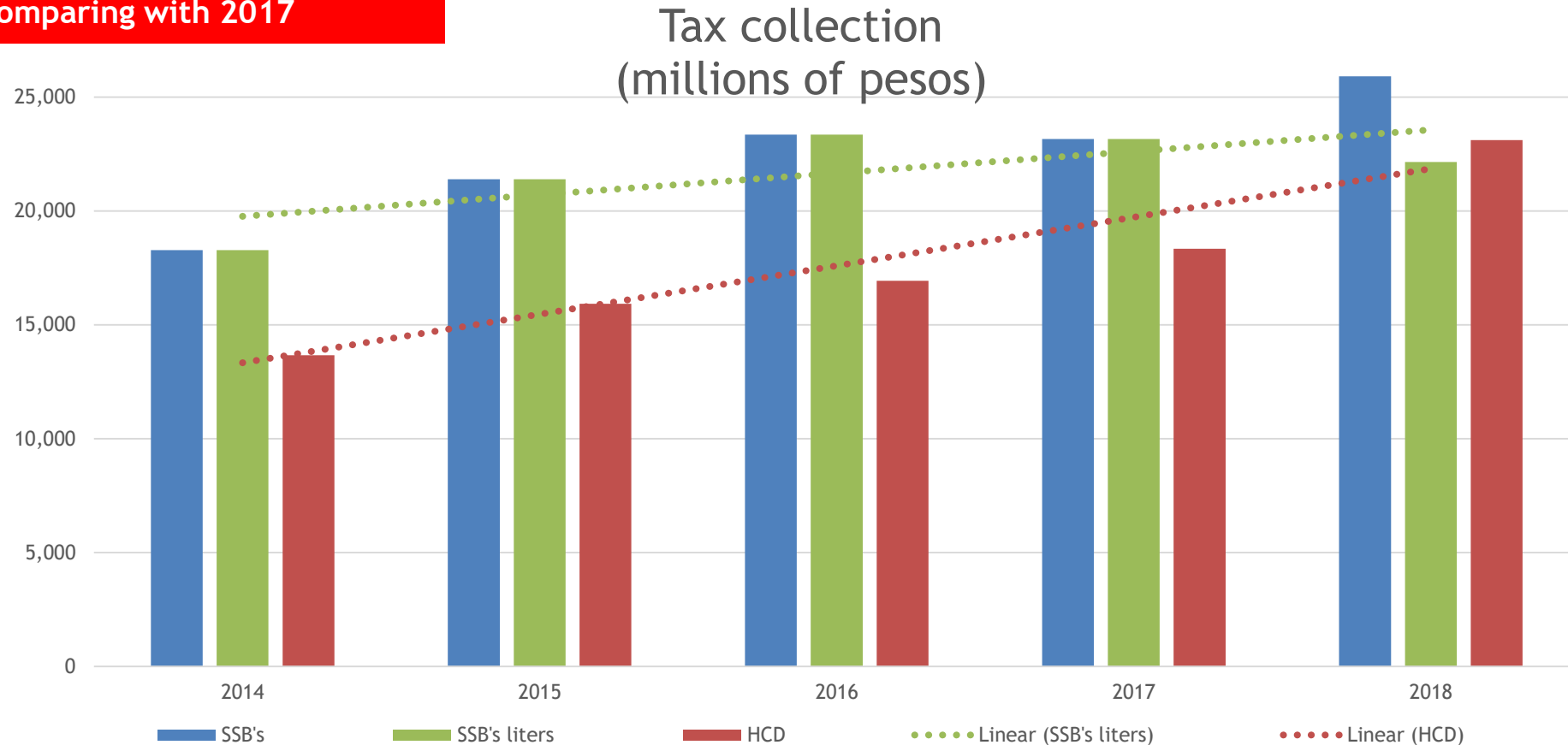
1. Sugared beverages: \$1 per liter (now \$1.17 due to inflation)

2. “Non basic foods”= calorie density equal or higher than 275 kcal/100 g:
 - 8% excise tax
 - Energy (calorie) density was defined as the amount of kilocalories per 100 grams of food
 - Categories: savory snacks (including nuts), confectionery, chocolate and derivatives, cream caramel, pudding, marmalades and jellies, fruits based candies, nuts butters, milk based caramel, cereal products (breakfast cereals, bakery and pastries, ready to eat pasta) and ice cream.
 - Exceptions *a posteriori* (determined arbitrarily by fiscal authorities)**:
 - Corn and flour tortilla, including fried tortillas
 - Plain pasta
 - White and whole bread
 - Corn and wheat flour
 - Cereals without sugar
 - Cereals for babies

** Some categories generated legal uncertainty, since it is not clear the criteria used to determinate them or not in all cases the criteria apply uniformly.

Quantity of liters sold in 2018 was 21% higher than 2014, even considering a -4.4% decline in 2018 comparing with 2017

HCD foods grows 9.8% in average in real terms



Chile, Ecuador, Peru and Uruguay evaluations

- Nutrition labelling:
 1. Chile and Ecuador: perception evaluations; nothing robust that proves effectiveness in consumption habit/purchases. There some short term effects by F&B category.
 2. Peru: too early to know
 3. Uruguay: not in place
- Excise taxes:
 1. Chile and Ecuador: because is not an official health related measure, any study is published trying too prove impacts in consumption, but tax collection is growing
 2. Peru: too early to know

Common denominators and regional threats

- Heavyweighed academic and multilateral organisms regulation promoters:
 1. Bloomberg Philanthropies financial support
 2. Encouraging Chilean model as the ideal FOP nutrition labelling
 3. Referencing Mexico's F&B taxes as a success case (with controvertible, weak and outdated data)
 4. Considering a regional regulatory trend as proof of effectiveness
 5. Poor or no official evidence from governments
 6. Lack of a thorough evaluation of the cost-benefit analysis



- In 2015, 23 associations from 15 LATAM countries created the Latin-American Association of Food and Beverages Associations
- We work hand to hand with companies with a regional presence
- Achievements:
 - Efficient network for regulatory alerts and regional and global consultations
 - Sharing data and experiences for the design of public policy in each country
 - Part of a global coordination group (IFBA, ICBA, F&D Europe, FIA, etc.)
- Challenges:
 - Constant and confident relationship with multilateral regional organisms