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Netherlands: HFSS Taxes and Nutrition Incentive Programs

Due to its limited land mass available for agriculture and food production, the Netherlands has had to get creative in how it supplies food to its citizens. With only 16,040 square miles and 93% of its residents living in urban areas (worlddata.info, n.d.), it is imperative that the Netherlands maintains a standard of nutritious and affordable food. As it stands adult obesity is present in over ½ of the population as ultra-processed food becomes more and more popular (Food Systems Dashboard, n.d.). In order to help decrease this long term, the Dutch government should consider implementing taxes on HFSS (high fat sugar salt) foods to dissuade the population from consuming such quantities. In addition, the government should introduce a fruit and vegetable incentive program to help lower income individuals purchase more nutritious foods.

The Netherlands has been a constitutional monarchy since the early 19th century, 1814 to be exact. Under this constitution, its parliament is known as the States General. The government is set up such that there is one monarch and multiple ministers with different responsibilities. The monarch is the President of the Council of State, but this remains a largely ceremonial position kept primarily for historical purposes; the traditional powers of a monarch are severely limited within the government. The Vice-President of the aforementioned council is in charge of day-to-day management of the council. Additionally, the ministers have the most power and have the most control over what the government does. Each ministry within the government is led by a government minister who works in the best interests of that field. For example, there is a Ministry of Agriculture, Nature and Food Quality which is headed by Piet Adema. On the agenda for this ministry is to “ensure good prospects for the Dutch farming, horticulture and fishing sectors, which are renowned worldwide for producing good-quality food that is safe and affordable.” (Ministry of Agriculture, Nature and Food Quality, 2022).

There is a Dutch saying that “God made the earth, but the Dutch made the Netherlands”. This is because throughout much of the region’s history, dikes have been built in order to push sea-level back, increasing land mass, with the practice picking up in the fourteenth century. This saying, while quite literally expressing that they built the land the kingdom sits on, reveals a predisposition to perseverance and progressiveness, reflected in Dutch culture today. The Netherlands has had a history of social tolerance and promotes an open economy making the country particularly attractive to emigrants and producers. According to the Washington Post, the Netherlands is one of the biggest exporters of agricultural products by value (Reiley, 2023). In their efforts to feed every inhabitant, new technology and processes have been introduced that not only increase the quantity they are able to supply, but also decrease water usage and carbon and methane emissions.

Like many developed countries with people living under the poverty line, the Netherlands have various different food banks and services which can help families and individuals alike bridge the gap. Many of these are not religiously affiliated and are open to anyone that qualifies to receive benefits. However, it’s worth noting that the food received by these people might not necessarily be the healthiest for them. Cambridge University Press wrote in 2016 that, “the nutritional content of food parcels provided by Dutch food banks is not in line with the nutritional guidelines.” Most of the food in these food banks are donated; the food is either damaged, nearing its expiration date, or mislabeled ((Neter et al., 2016)). Additionally they noted that many of these food banks are food insecure themselves, leaving their dependents with a subpar diet and no programs to help get them back on their feet. In order to rectify this

food banks should follow stricter guidelines and provide aid to struggling individuals to help them be able to provide for themselves.

In the Netherlands the retail value of ultra-processed foods sits at 698 USD per capita annually as of 2017, this means that each person spent an average of almost \$700 on highly processed foods that year (Food Systems Dashboard, n.d.) with ultra-processed foods making up 29% of the daily consumption for the average Dutch diet (Vellinga, 2022). This shift is likely due to the fact that they are easy to access and are generally cheaper than their healthier counterparts, making them the more desirable option for many busy Dutch citizens (Vellinga, 2022). These HFSS foods, while calorie dense, lack any substantial nutritional value. With these high calorie diets it can be hard to burn off the excess energy, which would then get stored in fat reserves, leading to obesity. Consequently, that category of food is often linked to obesity. A study done in Australia by the University of Sydney found that highly processed and refined food are a leading contributor to rising obesity rates in the Western world (University of Sydney, 2022). 21% of all adults in the Netherlands meet the qualifications for obesity compared to the 21% for the world and 22% in Western Europe, all of which have been increasing steadily since the 1970s (Food Systems Dashboard, n.d.). While highly processed foods are not the only cause for rising obesity rates, one of the first steps to be taken should involve disincentivizing their production and consumption and incentivizing healthier eating.

A report published by the National Institute for Public Health and the Environment noted that a lower social-economic status (SES) is often associated with less healthy products and more HFSS foods (Geurts et al., 2017). More nutritious options are either more expensive or more time consuming and when on a budget people will opt for the cheaper choice. This can look different among the varying economic statuses depending on the household's expendable income. If the Dutch government were to increase prices of processed foods, this would disincentivize people with a lower social-economic status from continuing to buy HFSS foods. However, it is important to acknowledge that they might have trouble affording the higher prices of the healthier food and the newly high prices of HFSS foods. This should be taken into account when finding a solution. Additionally, highly-processed foods lack proteins which can drive cravings. Hunger persists until a person fulfills a "protein quota" (University of Sydney, 2022). The less protein a food has, the more of it is needed to be consumed in order to satisfy the hunger craving. This can make highly processed foods feel almost addictive. According to a 1988 classification published by Surgeon General on tobacco products, a substance is addictive if it causes a highly compulsive or controlled use, causes psychoactive effects, reinforces behavior, and triggers strong urges or cravings. An article published in the National Library of Medicine asserts that highly processed foods meet this benchmark as it was set for tobacco products (Gearhardt, 2022). It is hard to wean people off a substance that is addictive, making incentives a more favorable approach.

The Netherlands needs to do two things. Firstly, it needs to steer people away from purchasing HFSS foods as frequently. WHO has published that taxes on sugary drinks can decrease sugar consumption with evidence showing that taxes which raise prices by 20% also decreases consumption by 20% showing a correlation between the two (World Health Organization, n.d.). France, Hungary, and many states within the U.S. have already implemented taxes on HFSS foods and sodas with varied successes. If the government implements this tax it limits the processed food options for individuals and families and they may be encouraged to purchase the more expensive and nutritious fruits, vegetables, and meats. In order to make these healthy food options more accessible to low-income individuals, and families, the revenue generated from the HFSS tax could go towards funding a nutrition incentive program. The Community-Supported Agriculture (CSA) and Supplemental Nutrition Assistance Program (SNAP) has already been established in the United States where people can apply to receive funds in order to purchase foods (Country Health Rankings & Roadmaps, 2022). When a person eligible for these benefits purchases qualifying foods (such as fruits, vegetables, or even meat) they may receive compensation in return to be used to purchase nutritious food at a later date, similar to cash-back programs. The money, or Nutrition

points, that they would receive would be given in various increments on a need basis depending on the person's level of income, while also taking into account what their household looks like (i.e. members, income, costs, etc.). Using these strategies would not only deter people from buying HFSS foods, but also reward people who purchase healthy alternatives.

Ordinary citizens could also encourage the government to follow through with this kind of program by voting for representatives that support the creation of this program. Democracy is intended to make the government work for the people not the other way around. By showing the government that this is a program that they want to see created, voters may be able to sway the government into adding this kind of program to the larger group of welfare programs.

However, this report would be incomplete without mentioning these potential drawbacks. The tax may not generate enough revenue to fully cover the Nutrition Incentive Program, which would mean that some of the money would have to come out of the Netherlands' Federal budget. However, the Dutch government has many welfare programs available to benefit its citizens and a Nutrient Incentive Program would fall under these allowances. Another downside to this solution is that the people of the Netherlands will become dependent on the crops and livestock supplied to their markets, specifically from domestic suppliers. Organic foods have a much shorter shelf life than their inorganic, HFSS counterparts. If there is a crop failure or a disease spreads among their livestock then the economy will be fragile until it has a chance to recover. Because steps were taken to diminish the presence of highly processed foods there isn't as much food to go around. Regardless of this, the Netherlands is already at the forefront of growing crops in Western Europe, specifically greens and tomatoes (Reiley, 2023). Many large firms have already made the switch from the traditional farming set up to more modern green houses that have a lower risk for crop failure. Within these greenhouses, farmers are able to control most conditions that their crops are exposed to, from how much they are watered to how much "sunlight" they receive, they can also protect the crops from disease and parasites. This provides an extra layer of security in case of extreme circumstances.

With the solution above people will have less cause to purchase foods that do not serve their bodies the way that nutritious food would. A benefit to adapting methods previously implemented is that governments can look at what has worked and what doesn't. For example, a study done in 2022 on how the French Soda Tax was accepted by society and what the public perception was shows that almost $\frac{2}{3}$ of the participants were aware of the tax (63.4%), with 64.7% supporting the taxation. This favorable opinion increases to 68.8% when asked about the revenue from the tax going towards reducing the price of healthier foods (Sarda et al., 2022). And as recommended above, the Dutch government should reinvest the tax revenues back into reinforcing its citizens' healthy choices. This plan would gently encourage Dutch citizens into making that healthier choice using basic economic principles. For example, when the tax is implemented it will subsequently raise prices on the HFSS foods and as a result the demand for the products will decrease. Similarly, when people have more money to put towards fruits, vegetables, and meats the demands in those markets will increase. In the long run, when people make the cultural shift away from highly processed foods towards healthier alternatives the entire population will be better for it, not just those affected by obesity in the short run. In theory this would be a self-sustaining system: purchasing highly processed foods would not be an option, regardless of what happens within the Dutch government.

While the Netherlands is able to provide enough nutritious food for its citizens, the larger issue is the competition between these healthy foods and the less beneficial, but more cost effective HFSS foods. This is clear due to the percentage of adults who qualify as obese in the Netherlands. In order to keep nutritious, affordable food available to the public, the Dutch government should implement taxes on such ultra-processed foods, the profits of which would go towards a Nutrition Incentive Program. Providing reasons to buy, and thus eat, healthier.

Source:

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