Global Counsel

Climate policy - coming to your plate

Blog post by Associate Charley Roberts, 6 November 2020

On November 3rd, Global Counsel hosted a panel discussion on the role of diet in achieving climate objectives. The discussion focused on how likely we are see forthcoming UK policy aimed at addressing a dietary shift and whether we can expect to see governments increasingly intervene in this area in the same way they do in energy or transport.

For some, intervening in the food people eat seems a step too far for government. However, there is considerable precedent for government to take measures aimed at influencing dietary decisions. One example is the sugar levy, which was introduced in 2018 increasing taxation on higher sugar soft drinks. While initially treated with concern by the industry, it has been largely deemed a success for public health by Public Health England and has been welcomed for the fact that it created a level playing field for industry with soft drinks companies continuing to experience positive growth during its implementation.

But what if the rationale for intervention is not public health but climate and environment? Given the environmental impact of agriculture, with the UN estimating 14.5% of global emissions are from agriculture, there is clearly a legitimate case to make that our eating habits are no different from our energy use habits from a climate perspective. With growing support for climate action – particularly among young people – we may now be at a point where governments are more comfortable with framing dietary intervention as an environmental issue.

Panellists in our discussion thought that a climate version of the sugar levy could work in the UK. The model debated would apply a tax to higher climate impact products and use the proceeds to support investment in innovation in the food and agricultural sector. With the UK's lower emissions intensity in agricultural production versus other countries, there is also the potential that if the tax was applied to both domestically produced and imported products that it may benefit UK farmers. International trade rules would have to be navigated, but a tax that treated domestic goods and imports the same would not necessarily fall foul of these.

One much simpler approach would simply be to tax meat. While most would probably see a 'meat tax' as something far off, the idea does have some traction. An absolute 'meat tax' in the strictest sense is still not applied in any other countries, but Germany has debated introducing a specific levy which would raise the existing 7% VAT rate on meat to 19%, in to reduce meat purchases while generating resources to invest in higher welfare animal production.

Similarly, Denmark (the home of bacon) is set to impose two meat free days per week on state canteens, including army barracks and police. Even China, where an extra 30kg of meat per person is expected to be consumed by 2030 has set out a 50% reduction in meat consumption in new dietary guidelines, which would result in a reduction of more than 1 bn tonnes in GHG emissions. In contrast to attempts to tax emissions intensity, there are few complications to such an approach in trade rules.

None of this means a shift to incentivising low carbon diets is an immediate prospect. Policymakers are probably likely to focus on supply side incentives like land management subsidies as adopted under the Common Agricultural Policy before they move to demand side measure designed to crimp consumption.

But as net-zero targets focus policymaker minds on the need for new incentives and disincentives, it is far from clear that the focus on energy will not also fall on food. That means climate policy could soon be coming to your plate.