



Review of unhealthy food imports to Vanuatu and policies relevant to trade and nutrition





Ministry of Foreign Affairs,
International Cooperation and External Trade

Review of unhealthy food imports to Vanuatu and policies relevant to trade and nutrition

prepared by the Non-communicable Diseases Prevention and Control Programme,
Public Health Division



Suva, Fiji, 2020

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Executive Summary

The rapid rise in non-communicable diseases (NCDs) globally and in the Pacific region in recent decades poses an urgent and serious health and development challenge. The Pacific NCD Roadmap, developed at the request of the Pacific finance and economic ministers in 2014, recommended five key strategies for adoption by Pacific countries in their own NCD country roadmaps to intensify response to the Pacific NCD crisis. One of these strategies relates to taxes and policies on food and drink products, especially sugar-sweetened beverages, that are directly linked to NCDs.

In line with the Pacific NCD roadmap, the *Vanuatu NCD Roadmap 2015–2018* calls for national action to reduce the occurrence of NCDs by 25% by 2025. The four major NCDs, namely cardiovascular disease, diabetes, cancers and chronic respiratory diseases, are now responsible for approximately 60% of all premature deaths in Vanuatu^[2]. The presence of these largely preventable diseases and the magnitude of this disease burden has widespread implications for individuals, families and communities in Vanuatu. Of major concern is the excessive consumption of salt and increased consumption of high fat and trans-fat foods as key contributors to cardiovascular diseases and diabetes. As part of its efforts to address this, Vanuatu's NCD roadmap, coupled with its Pacific Monitoring Alliance for NCD Action (MANA) Dashboard and its country actions identified in the Pacific Ending Childhood Obesity (ECHO) regional platform, recognise the importance of effectively tackling the consumption of unhealthy products via taxation or a subsidy on healthy products as a strategic and justified response to the NCD crisis.

The aim of this report is to establish baseline information on the volume and types of unhealthy imported foods, high in fat, salt and sugar, entering Vanuatu. This will better inform and guide trade policies and legislation that promote healthy diets. The baseline assessment was conducted with the Department of External Trade. It started in December 2019 and was completed by February 2020. To date, there is limited empirical evidence of the level and impacts of salt, trans-fat and sugar consumption amongst the population of Vanuatu. The results of this assessment provide food supply data to understand associations between Vanuatu's existing food and trade regulatory framework and food import volume trends.

Using the INFORMAS trade monitoring protocol, a desk review was conducted to map and record in one place Vanuatu's relevant existing food and trade policies, as well as commitments to trade agreements that have implications for Vanuatu's national food environment. A Microsoft Excel database was developed to document these. The second aspect of the study focuses on data extraction, beginning with identifying food import volumes into Vanuatu by country of origin, with a particular focus on a selected number of 'less healthy' foods.

While the focus of the government has been on regulating the food environment, regulation alone is not certain to increase health and wellness, nor does it guarantee an adequate access to healthy and affordable food. With growing demands to replace food imports via the promotion of production of local fruits and vegetables (including root crops) and reducing imports by increasing taxes and promoting awareness campaigns on unhealthy food preparations^[3], the challenge is putting in place policies that will support people to sustain their behaviour changes, while simultaneously providing healthier alternatives that are available, accessible and affordable.

The findings suggest that Vanuatu's membership of the World Trade Organization and the Melanesian Spearhead Group Trade Agreement (MSGTA), in conjunction with associated economic and agricultural policy changes, has contributed to increased availability of less healthy imported foods. In systematically monitoring the import volume trends of this category of food, this study shows that there has been an increase in less healthy foods, including fats and oils, meat and canned fish, processed dairy products, energy-dense beverages, and processed and packaged foods.

By monitoring the trends of less healthy imported foods at country level from the perspective of food policies and trade legislation, appropriate and targeted interventions to improve diets and health can be developed. This will enable national health interventions to both identify areas of concern, and ensure that interventions take into account the trade context.

Key recommendations of this report

- Establish clear baseline evidence on the associations and relationships between discretionary foods and the growing NCD crisis in Vanuatu. Clearly explain the goal of introducing and/or strengthening fiscal policies, especially tax policies, in terms of their contribution to health. Political leadership and commitment are critical to explain the links between discretionary foods and health before tax is introduced or increased for discretionary foods.
- Develop schedules that set out the maximum level of salt, sugar and trans-fat on specified food items and clearly explain the goal of regulating these across the food supply in order to reduce their consumption. As a starting point, the Ministry of Health should develop a reference list of foods high in these nutrients and develop food composition targets for key foods that should be regulated at the border, as well as those that are locally produced.
- Taxes aimed at promoting healthy eating could be administered in a variety of ways.
 - i) **Excise taxes:** These are specific excise taxes focusing on products containing levels of sugar, trans-fat or salt that are above the maximum level. These taxes will be easier to administer than an *ad valorem* tax and will generate predictable revenues, but they will require regular evaluation and adjustment to keep up with inflation. While excise tax on products that fall within certain food categories – confectionary, sugar, bakery products, edible ices and savoury snacks – is a good option because it is non-discriminatory between imported and locally produced foods in these categories, deciding on the tax mechanism to apply will need further analysis.
 - ii) **Targeted nutrient-based taxes on specific nutrients:** Specific excise taxes on food and drinks with high sugar, fat, and salt content are likely to be more effective than applying *ad valorem* taxes. The implementation of these nutrient-based taxes will require the development of lists of the sugar, fat, and salt content in different food brands in the targeted food categories, as well as processed foods containing these nutrients. Products can then be categorised into different levels of tax, based on their sugar, fat or salt content. These tax levels could be created by the Vanuatu Ministry of Health from nutrition labels and maintained on an annual basis. These specific excise taxes should incorporate adjustments for inflation over time to maintain their health effect.
 - iii) **Nutrient profiling tax on nutrient composition of foods:** Vanuatu should amend its food control regulation specifying requirements on nutrient content labelling. Vanuatu should then develop a specific nutrient profiling model that is category-specific and threshold-based. This will provide an appropriate indication of the healthiness of foods and guide the recommendations for taxation on foods not meeting the nutrient profiling criteria. As the first step in this process, Vanuatu should identify food categories for the model based on the WHO nutrient profiling model^[1] and informed by Pacific dietary patterns. A nutrient profiling model relevant to diet-related NCD prevention should address energy, sugar, sodium, fat, saturated fat and trans fatty acid consumption, while promoting the consumption of fish, fruit, vegetables, nuts and legumes.
 - iv) **Adequate tax rate:** A higher tax level is likely to have a greater impact on the consumption of discretionary foods and a significant impact on health. Following the development of a nutrient profile model, a study modelling the estimated impact of a tax on discretionary foods at 20%, 50% and 100% should be undertaken on consumption, health, revenue and household expenditure. This would better guide the tax rate that is deemed adequate and appropriate for the influx of discretionary foods imported and consumed in Vanuatu.
- Government to commit to allocating a portion of tax revenue to support complementary policy measures. To further reduce the exposure of children to the marketing of foods and beverages high in fats, sugars or salt, and to reduce the impact on them of these foods, a national legislation regulating the marketing of such foods and beverages to children that also restricts marketing of discretionary foods should be developed and endorsed.
- Government to commit to measures that target healthy food affordability and availability. In particular, government should explore and finance subsidies to increase the affordability of staple root crops, fruits and vegetables. It should also finance subsidies/technical support to increase the use of healthy ingredients – and reductions in unhealthy ingredients – in processed food manufacturing. Revenue raised by the taxation of discretionary foods could provide support for implementation of these measures.
- Enforcement and compliance standards need to be strengthened. The monitoring component of standards in current food and trade legislation policies needs strengthening, as does the monitoring capacity. To ensure the engagement of priority agencies in regulating the food environment, the Ministry of Health's health information system should be part of the electronic single windows systems project. This would also enable information-sharing of NCD-related data with the Ministry of External Trade and other government agencies.

Introduction

Food environments globally and in Vanuatu are dominated by highly accessible and heavily promoted foods that are high in trans-fat, salt and added sugar ^[2,4,5]. A wide range of policies shape food environments, including government policies covering food composition, labelling, marketing, availability and price, across a broad range of sectors: health, agriculture, education and trade. Trade policies regarding liberalisation, export promotion, import substitute measures, protection of domestic industries and support for foreign direct investment have also contributed to the increased availability of foods associated with the nutrition transition. Food and beverage industries also affect food environments through their policies, actions and influence on policy and decision makers and community perceptions.

Major policy changes are needed to create environments that encourage healthy food consumption. However, the government of Vanuatu remains challenged in this area, as policy processes continue to lack cohesion across multiple sectors and the prioritisation of economic and trade interests above public health ^[3].

Throughout the region, there is some evidence of a correlation between the introduction of free trade/trade agreements and the increasing availability/consumption of foods high in trans-fat, sugar and salt ^[4,6,7]. Three key trade-related changes contributing to this are: (i) the opening of domestic markets to international food trade; (ii) increased entry of transnational food companies and greater foreign direct investment; and (iii) intensified global food marketing and promotion ^[5,8,9]. For all Pacific Island countries, the systematic and objective monitoring of the impacts of these agreements on national food environments remains a significant challenge. There is also minimal data to inform the development of effective, coherent trade and health policy approaches to promote healthier food environments that can contribute to reducing the burden of obesity and related NCDs. Nevertheless, there is scope when developing trade policies and agreements to consider NCDs as part of broader social impact assessment studies. These can be used to identify potential modifications that can be made to trade policies and agreements. These modifications can regulate food environments and reduce the impact of NCDs, or ensure that mitigating complementary actions are taken.

The review of food and trade legislation and policies in this report aims to improve the policy response to unhealthy diets and understand how existing policies can be enhanced to create a healthier food environment, especially trade legislation and policies.

The aim of this study is to:

- conduct a baseline assessment of the volume and types of imported and locally produced foods high in fat, sugar and salt to guide development of food and trade policies;
- review and discuss trade and food-related legislation and policies and identify opportunities for affirmative action; and
- provide appropriate recommendations to inform and guide development of trade policies and legislation that promote healthy diets.

Methods

Given the focus of the study on the links between trade and food-related legislation and policies on the one hand and food availability at the national level on the other hand, the INFORMAS trade monitoring framework and Healthy Food Environment Policy Index (Food-EPI) and their associated data collection protocols were used to guide the selection of indicators and analysis ^[9,10].

Food policies, trade legislation and trade agreements included

The first step involved a desktop review to map and record Vanuatu's existing food and trade-related policies, as well as its commitments under the WTO (World Trade Organization) and MSG (Melanesian Spearhead Group) trade agreements that have implications for Vanuatu's national food environment, under the four domains of the INFORMAS framework: (i) trade in goods; (ii) trade in services and foreign direct investment; (iii) domestic protections and support; and (iv) policy space.

In terms of reviewing the food policies, the Food-EPI tool comprising a 'policy' component was used to guide the assessment of policies. Under this component, there are seven domains (see Table 1) on specific aspects of food environments. Within these domains, good practice statements were used to assess the impact of food policies on Vanuatu's food environments.

Table 1 Policy domains, good practice statements and best practice exemplars for the Healthy Food Environment Policy Index (Food-EPI)^[10]

Domain	Proposed good practice in each domain	Proposed good practice statements	Best practice exemplars
Food composition	There are government systems implemented to ensure that, where practicable, processed foods minimise the energy density and the unhealthy nutrients of concern (e.g. salt, saturated and trans fats, and added sugars) and maximise the healthy components (e.g. whole grains, fruits and vegetables).	There are government systems implemented to ensure that, where practicable, processed foods minimise the energy density and the nutrients of concern (salt, saturated and trans fats, added sugars).	France: As part of the French National Nutrition and Health Programme, the Ministry of Health established a Charter of Engagement with the food industry (2008). One area of action is improving the nutritional composition of food products by reducing the amount of salt, sugar, and total and saturated fats and increasing the amount of fibre. Any entity with an economic interest in the food industry is eligible to submit nutritional commitments. Nine principles are detailed: compliance, honesty, efficiency, retroactivity, fairness, transparency, monitoring, updating and confidentiality. Commitments must be clear, accurate, precise, dated and controllable. To date, over 35 companies have made voluntary commitments, which are reviewed and approved by an external committee of 24 public sector experts to ensure they are 'significant'. There is a strict follow-up. The approved charters are signed by the food industry and monitored by the Food Quality Observatory (created in 2008).
Food labelling	There is a regulatory system implemented by the government for consumer-oriented labelling on food packaging to enable consumers to easily make informed food choices and to prevent misleading claims.	Ingredient lists and nutrient declarations in line with Codex recommendations are present on the labels of all packaged foods. A single, consistent, interpretive, evidence-informed front-of-pack supplementary nutrition information system, which readily allows consumers to assess a product's healthiness, is applied to all packaged foods.	Many countries: In a wide range of countries, including New Zealand, producers and retailers are required by law to provide a comprehensive nutrient list on pre-packaged food products (with limited exceptions), even in the absence of a nutrition or health claim. The rules define which nutrients must be listed and on what basis (e.g. per 100 g or per serving). Australia/New Zealand: The government approved a 'Health Star Rating' (HSR) system as a voluntary scheme for industry adoption. The system takes into account four aspects of a food associated with increasing risk for chronic diseases – energy, saturated fat, sodium and total sugars content – along with certain 'positive' aspects of a food such as fruit and vegetable content and, in some instances, dietary fibre and protein content. Star ratings range from ½ star (least healthy) to five stars (most healthy).

Domain	Proposed good practice in each domain	Proposed good practice statements	Best practice exemplars
Food promotion	There is a comprehensive policy implemented by the government to reduce the impact (exposure and power) of promotion of unhealthy foods to children (<16 years) across all media.	<p>Effective policies are in place to restrict unhealthy food promotion to children through all forms of media.</p> <p>Effective policies are in place for settings where children gather.</p>	<p>South Korea: TV advertising to children less than 18 years of age is prohibited for specific categories of food before, during and after programmes shown between 5 p.m. and 7 p.m. and during other children's programmes (Article 10 of the Special Act on the Safety Management of Children's Dietary Life, as amended 2010).</p> <p>Spain: In 2011 the Spanish Parliament approved a Law on Nutrition and Food Safety (Ley 17/2011), which stated that kindergartens and schools should be free from all advertising. Criteria for the authorisation of food promotion campaigns, nutritional education and promotion of sports or physical activity campaigns were developed jointly by the Spanish Agency for Consumer Affairs, Food Safety and Nutrition (AECOSAN) and the Regional Health Authorities and implemented in July 2015. AECOSAN and the Spanish Regional Education and Health Administrations monitor the enforcement of the law.</p>
Food prices	Food pricing policies (e.g. taxes and subsidies) are aligned with health outcomes by helping to make the healthy eating choices the easier, cheaper choices.	<p>Taxes on healthy foods are minimised.</p> <p>Taxes on unhealthy foods are introduced.</p>	<p>Tonga: In 2013, as part of a broader package of fiscal measures, import duties were lowered from 20% to 5% for imported fresh, tinned or frozen fish in order to increase affordability and promote healthier diets.</p> <p>French Polynesia: Various food and beverage taxes have been in place since 2002 to discourage consumption and raise revenue (e.g. domestic excise duty on sweetened drinks and beer; import tax on sweetened drinks, beer and confectionery; tax on ice cream). Between 2002 and 2006, tax revenues went to a preventive health fund; from 2006, 80% has been allocated to the general budget and earmarked for health. The tax is 40 CFP (around USD 0.44) per litre on domestically produced sweet drinks, and 60 CFP (around USD 0.68) per litre on imported sweet drinks.</p>
Food provision	The government ensures that there are healthy food service policies implemented in government-funded settings to ensure that food provision encourages healthy food choices, and the government actively encourages and supports private companies to implement similar policies.	There are clear, consistent policies in schools and early childcare services to provide healthy food choices.	Australia: There are no national mandatory standards. However, six states and territories have implemented mandatory standards, which are either based on the national voluntary guidelines or nutrient and food criteria defined by the state: Australian Capital Territory (2015), New South Wales (NSW) (2011), Northern Territory (2009), Queensland (2007), South Australia (2008) and Western Australia (2014). All of these states and territories identify 'red category' foods, which are either completely banned in schools or heavily restricted (e.g. offered no more than one or two times per term). The NSW policy for school canteens prohibits availability of 'red' foods, high in saturated fats, sugars, or sodium. Foods provided in school canteens should be at least 50% 'green' foods to ensure that canteens do not increase the number of 'amber' foods. 'Green' foods include low-fat carbohydrates, fruits and vegetables, and lean meat as well as small portions of pure fruit juice. Also, Queensland's Smart Choices school nutrition standards ensure that 'red' foods and drinks are eliminated across the whole school environment.

Domain	Proposed good practice in each domain	Proposed good practice statements	Best practice exemplars
Food retail	The government has the power to implement policies and programmes to support the availability of healthy foods and limit the availability of unhealthy foods in communities (outlet density and locations) and in-store (product placement).	Existing support systems to promote the in-store availability of healthy foods and to limit the in-store availability of unhealthy foods.	New York: The 'Green Cart Permit' was developed with reduced restrictions on zoning requirements to increase the availability of fresh fruits and vegetables in designated, under-served neighbourhoods. In 2008, New York City made 1000 licenses for green carts available to street vendors who exclusively sell fresh fruit and vegetables in neighbourhoods with limited access to healthy foods. In addition, in 2009, New York City established the Food Retail Expansion to Support Health (FRESH) programme. Under the programme, financial and zoning incentives are offered to promote neighbourhood grocery stores offering fresh meat, fruit and vegetables in under-served communities. The financial benefits consist of an exemption or reduction of certain taxes. The zoning incentives consist of providing additional floor area in mixed buildings, reducing the amount of required parking and permitting larger grocery stores in light manufacturing districts.
Food in trade and investment agreements	The government ensures that trade and investment agreements protect food sovereignty, favour healthy food environments, are linked with domestic health and agricultural policies in ways that are consistent with health objectives, and do not promote unhealthy food environments.	Direct and indirect impacts of trade and investment agreements on food environments and population nutrition and health are assessed and considered. Measures to manage investment and protect regulatory capacity	US/EU: It is mandatory in the US and countries of the EU to undertake environmental impact assessments for all new trade agreements. These assessments sometimes incorporate health impact assessments. Ghana: Ghana has set standards to limit the level of fats in beef, pork, mutton and poultry in response to rising imports of low-quality meat following liberalisation of trade. The relevant standards establish maximum percentage fat content for de-boned carcasses/cuts for beef (<25%), pork (<25%) and mutton (<25% or <30% where back fat is not removed), and maximum percentage fat content for dressed poultry and/or poultry parts (<15%).

Selection of focus foods

Within the 'minimal' version of the INFORMAS trade monitoring framework, a set of focus foods rather than the total food supply was selected. These foods were identified and classified as 'less healthy' based on the suggested focus food categories identified in Box 3 of the INFORMAS trade monitoring framework paper^[9]. Specific food categories were selected based on Vanuatu data captured in a shop survey conducted in 2017^[11] and a baseline assessment identifying food items most important to nutrition in Vanuatu^[12].

Defining the categories

The food and drink categories listed below are typically high in fat, sugar or salt, and yet provide little or no nutritional benefit that is required for a healthy diet. These foods are classified and reported in this assessment as 'less healthy' focus foods that are frequently consumed and have a significant negative impact on diet. They are:

- edible oil and spreads (including hydrogenated oils used as an ingredient in processed foods);
- fatty meat products (e.g. turkey tails, mutton-flaps, processed meats);
- high-fat processed dairy products (e.g. processed cheese, ice cream);
- energy-dense beverages (e.g. carbonated soft drinks);
- sugars and other caloric sweeteners (including HFCs);
- savoury ready-to-eat snacks and meals (e.g. potato chips, French fries, instant noodles); and
- sweet snacks (e.g. biscuits, pastries, confectionary).

Table 2 summarises the focus foods and Harmonized System (HS) Codes capturing these food products with the data provided by the Vanuatu National Statistics Office (VNSO).

Foods high in fat include butter, ghee, lard, cream, ice cream, cheese (especially hard cheese), coconut cream, coconut oil, palm oil, some processed and fatty cuts of meat, pies, biscuits, confectionaries, cakes and pastries. Many processed foods, such as takeaways and ready meals, are high in fat.

Foods high in sugar include all added sugars in foods and drinks in whatever form. Many processed foods, such as cakes, biscuits, and confectionary, and energy-dense beverages, such as cordials, soft drinks and energy drinks, contain high levels of sugar.

Foods high in salt include bread, crisps, savoury snacks, takeaway food and ready meals.

Processed food

Processed food includes food that has undergone a deliberate change before it becomes available to be eaten. The processes include canning, cooking, freezing, dehydration or milling. Examples of processed food are canned fruits/vegetables, “fortified foods”, fast foods and frozen products.

Table 2 Less healthy focus foods selected with their corresponding HS Code

Unhealthy Focus Food Category	Food sub-category	HS Code	Product
Edible oils and spreads	Cooking oil	151110, 151190 151321, 151329 15162000, 15119000	Palm oil
		15152100, 15152900 15152100, 15159000	Corn oil
	Edible oil	1501000, 15019000 1502000, 1503000 15162000, 15179010, 15179090, 15179000 15180000, 15220000	Hydrogenated fats, lard, dripping
	Spread	15171000, 15179000	Margarine
		0403900, 04041000 04051000, 04052000 04059000, 15171000 15179000, 1804000 20071000, 20079900 20081100, 20081900 20089900, 20091900 21069000, 22087010	Butter, peanut butter

Unhealthy Focus Food Category	Food sub-category	HS Code	Product
Fatty meat products	Processed meats	02031200, 02032200 02032900, 02071490 02089000, 02101100 02101200, 02101900 02109900, 16010000 16021000, 16022000 16023100, 16023200 16023900, 16024100 16024900, 16025000 16025090, 16029000 16029020, 16029030 16029090	Sausage, ham, bacon, salami, jerky, cold cuts, chicken nuggets, patties
	Canned meat	16010000, 16021000 16022000, 16023100 16023200, 16023900 16024100, 16024900 16025010, 16025090 16029010, 16029020 16029030, 16029090	Corned mutton, corned beef, spam, canned chicken, ham, turkey, etc.
High-fat/processed dairy products	Cheese	04063010, 04062000 04069000	Processed cheese
	Yoghurt	04031090, 4039000	Fruit-based/Flavoured
	Ice-cream and edible ices	21050000, 21069000	Ice-cream and edible ices
Energy-dense beverages	Cordial	20091200, 20091900 20093900, 20097900 20098100, 20098900 20099000, 21069000 22029000	Cordial/Concentrate/Powder
	Soft drinks	22019000, 22021000 22029000, 22029100 22029900	Sugar-sweetened
	Electrolyte drinks	22019000, 22021000 20091200, 20098900 22029900	Sports drinks
Sugar and other caloric sweeteners	Sugar	17011100, 17011200 17011300, 17011400 17019100, 17019900 17021100, 17021900 17022000, 17024000 17026000, 17029000	Natural cane and refined sugar
Savoury ready to eat snacks	Crisps and snacks	19030000, 19041000 19042000, 19049000	Snack packs, corn chips, potato chips, other (dried peas etc.)
	Noodles	19021900, 19022000 19023000, 19041000 19049000	Instant, flavoured

Unhealthy Focus Food Category	Food sub-category	HS Code	Product
Sweet snacks	Confectionary	17041000, 17049000 1801000, 18031000 18040000, 18050000 18061000, 18062000 18062010, 18063100 18063200, 18069000 18069090, 19041000 19049000	Chocolate and sweets (chocolate based; sugar based) Chewing gum
	Bakery products	18062000, 18069000 1905100, 1905200 19053000, 19053100 19053200, 19054000 19059000	Sweet biscuits Cakes and pastries

Food-related trade indicators

Drawing on the four domains of the INFORMAS monitoring framework, in this analysis, the focus was on the minimal monitoring approach in three of the four domains: trade in goods, trade in services and foreign direct investment, and policy space. In terms of domestic protections and supports, Vanuatu has no programmes or policies that are subject to reduction commitments within the meaning of Article 6 of the WTO Agreement on Agriculture, so this has been excluded. Data were obtained for the following indicators: (i) total food import volume with WTO and MSGTA member countries; (ii) 'less healthy' focus food category import volumes; (iii) actual and bound tariff rates for the 'less healthy' focus food category; (iv) the types of policies regulating food marketing, composition, labelling and trade in the domestic space; (v) the type and country of foreign-owned food and beverage industries operating in Vanuatu and the monetary value of their foreign direct investment; (vi) the type of domestic industries engaged in the food and beverage sector; and (vii) the provisions in WTO and MSGTA trade agreements relating to domestic policy space and governance.

For total food import volumes, data were selected by food import categories as defined by the Vanuatu National Statistics Office (VNSO) and the specific Harmonized System (HS) classification codes used to classify these food items. The selection of 'less healthy' foods to monitor for Vanuatu was based on the shop survey and consultation with Vanuatu Ministry of Health officials. Actual and bound tariff rates were provided by the Vanuatu Customs and Inland Revenue Department.

Information about each food/trade policy and agreement was collected from various sources. The food and trade policies and legislation were accessed from various government ministry websites. Information on foreign direct investment and domestic industries was supplied by the Vanuatu Investment Promotion Authority and the Ministry of Tourism, Trade, Industry, Commerce and Ni-Vanuatu Business respectively. The food and agriculture-related WTO trade agreements were collected from the WTO online database (www.wto.org). The scope of the review of the WTO agreements identified general rules that apply to Vanuatu as an LDC (least developed country) member of WTO, and specific commitments were listed as 'schedules of specific commitments'. These reflect specific tariff concessions for the goods schedule (General Agreement on Tariffs and Trade – GATT), the specified level of market access and national treatment for the services schedule (General Agreement on Trade in Services – GATS), and specific services commitments that Vanuatu has given in the context of trade negotiations. The MSG trade agreement was accessed via the MSG website (www.msgsec.info/).

Data on these indicators were analysed using Microsoft Excel and compared with changes in Vanuatu's WTO commitments and domestic regulations in order to shed more light on the impact of trade. There were 32 **major** WTO trading partner countries exporting food into Vanuatu in 2019. Details of 'other countries' trading with Vanuatu were not segregated, so only major partners are reflected. The decision regarding the years to monitor food import volumes was based on the escalation of imports prior to Vanuatu joining WTO in 2012 and the trend

of import volumes after the ratification and sign-off on WTO and MSGTA agreements and their implementation phases. Detailed food import volume data were collected from Vanuatu's National Statistics Office's Automated System of Customs Data, which captures and implements all international standards for trade data by specific HS Code categories.

Findings

Summary of WTO commitments and Vanuatu's accession package

At the Eighth WTO Ministerial Conference in December 2011, trade ministers decided to "further strengthen, streamline, and operationalise the 2002 LDC accession guidelines," with the inclusion of benchmarks on goods and services, as well as elements on special and differential treatment, transition periods, transparency, and technical assistance. In Vanuatu's 2012 accession package, a summary of its commitments are as follows:

- Vanuatu will not carry out preshipment inspection of imports and has no plans to do so;
- Vanuatu agreed to not applying any anti-dumping, countervailing or safeguard measures until it had implemented appropriate laws consistent with WTO agreements;
- Vanuatu had no intention of being part of the Government Procurement Agreement;
- Vanuatu agreed to submit all notifications required by any agreement;
- Vanuatu agreed to applying an average final bound rate of 39.7% (43.6% for agricultural products and 39.1% for industrial products) and binding all of its tariffs;
- Vanuatu had no export subsidies applied to agricultural products from 2013 to 2019;
- Vanuatu applied import duty exemptions for goods imported for agriculture, horticulture, livestock and forestry. These include plant machinery, materials, equipment, spare parts and accessories. In addition to this, agricultural incentives are offered to agricultural producers and aid-financed programmes of domestic support for agriculture within the *de minimis* ceiling of 10 per cent, given Vanuatu's LDC status;
- Vanuatu agreed to undertake specific commitments on 10 service sectors¹ and 72 sub-sectors; and
- Vanuatu is progressively liberalising its business environment with few restrictions on investment to promote small local businesses.

Total food import volumes

Data on the total volume of food imports into Vanuatu were collected from the 32 major WTO trading partners. The data include volumes of animal products, vegetable products, prepared foodstuffs, miscellaneous food preparations, non-alcoholic beverages, and animal or vegetable oils and fats (HS 01-2501). These food categories excluded variations of products used for pharmaceuticals, animal feeds, live animals, and flower cuttings and seeds not listed as edible. As Figure 1 shows, there were high and increasing levels of food import volumes from these WTO member countries between 2008 and 2019, a slight decline in 2009, 2012 and 2014, and a sharp increase from 2015 to 2018. In 2019, there was a sharp decline. In terms of trade with MSGTA member countries, the total volume of food imports shown in Figure 2 is from three MSGTA member countries: Fiji, Solomon Islands and Papua New Guinea. The total volume import trends for the years 2008 to 2019 was varied, with increases in 2010, 2011, 2013 to 2015 and again in 2017 and 2018; a slight decline in 2009 and 2012; and a sharp decline in 2019.

¹ Business; communication; construction and related engineering; distribution; education; environment; finance; health and social (hospital services, social services); tourism and travel-related; and transport services.

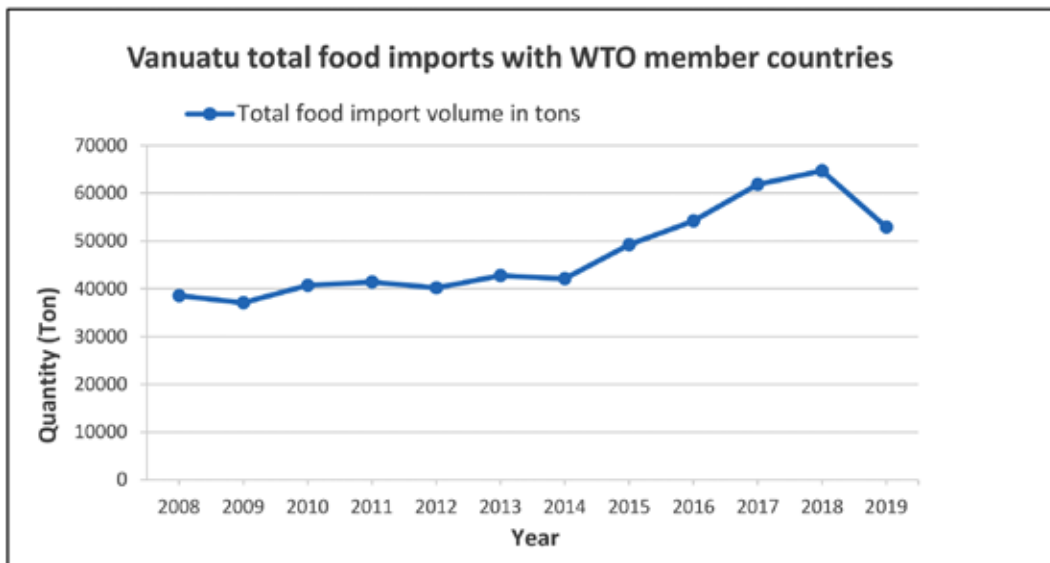


Figure 1: Vanuatu total import volume with 32 WTO member countries for the period 2008 to 2019.
 Source: Vanuatu National Statistics Office

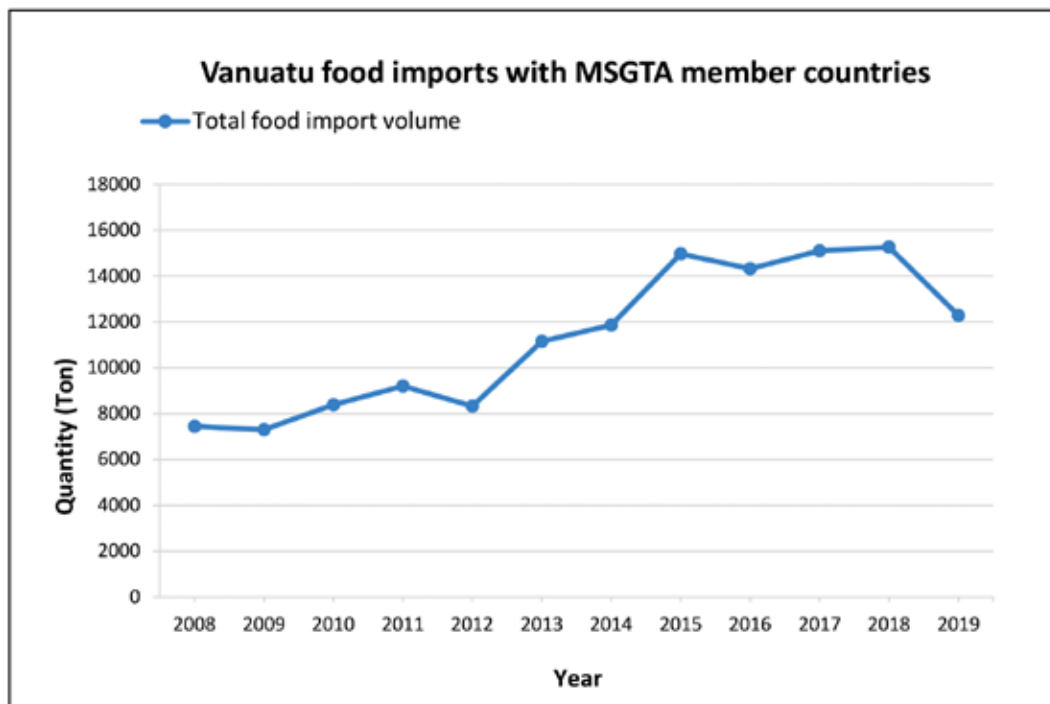


Figure 2: Vanuatu total import volume with three MSGTA member countries for the period 2008 to 2019.
 Source: Vanuatu National Statistics Office.

Less healthy food categories import volumes

Figures 3, 4, 5, 6, 7 and 8 illustrate the changes in import volumes for the various 'less healthy' food categories from 2008 to 2019. Figure 3 shows a marked increase in fatty and other selected meat products, sugar, savoury ready-to-eat snacks and energy-dense beverages between 2016 and 2018.

Acceding LDCs are required to bind all agricultural tariff lines at an overall average rate of 50 per cent and, in line with the WTO agreement on agriculture, all members are required to bind all agricultural tariff lines. On accession to WTO in 2012, Vanuatu bound all of its agricultural tariff lines (including food products) at an overall average rate of 43.6%. With regard to non-agricultural products, the WTO decision provides two options: acceding LDCs shall bind 95% of their NAMA (non-agricultural market access) lines at an overall average rate of 35%, or they can undertake more comprehensive binding coverage. Vanuatu agreed to a 100% binding coverage of its NAMA tariff lines at an overall average rate of 39.1%. This decision to apply benchmark *ad valorem* rates to agricultural and NAMA tariff lines does not, however, prevent LDCs like Vanuatu from negotiating higher rates for sensitive lines, as it does not impose any tariff cap. For instance, Table 3 (see Annex 1) shows that bound tariff rates for chicken, ice-cream and edible ices, cordials/juices, soft drinks and electrolyte drinks/sports drinks all have tariff peaks that exceed the benchmark. Table 3 also details the variations in tariff rates applied to selected less healthy foods (shown in Figure 3). Tariff rates for these foods remained the same, except for peanut butter, which had a 10% decrease in 2012 and then a 10% increase from 2017; fruit based/flavoured yoghurt, which had a 15% decrease from 2012; and margarine, which had a 10% decrease and tariff reduced to zero from 2017. Tariff rates for these categories are relatively low, compared to the rates for selected 'healthy' focus foods shown in Table 4 (see Annex 2).

As part of its WTO obligation, Vanuatu grants MFN (most favoured nation) tariff treatment to all its trading partners. There appears to be sufficient policy space for protecting domestic sectors. Vanuatu also applies preferential tariffs to parties of the Melanesian Spearhead Group Trade Agreement (MSGTA), The Pacific Island Countries Trade Agreement (PICTA) and, upon ratification, the Pacific Agreement on Closer Economic Relations Plus (PACER Plus). In addition to these, there are two charges affecting food imports, as well as domestic products: VAT and excise duty. VAT of 15% applies to all goods and services unless they are exempt or zero-rated. Imports are VAT exempt if they are valued at VUV 10,000 or less. Until 2017, the VAT rate had been 12.5% but this was increased to support fiscal consolidation. An excise duty applies to items such as alcohol and tobacco products and it is now also applied to sugar-sweetened beverages. In 2015, a specific excise tax was applied to both imported and locally produced sweetened beverages (HS 2022). The tax rate is 50 vt/L, but for imported sweetened beverage products, there is an additional 75% tariff applied (see Table 3 in Annex 1).

Tariff rates for ice-cream and edible ices, savoury ready-to-eat snacks (crisps and snacks, noodles) and sweet snacks (bakery products – sweet biscuits, confectionary) remained the same from 2008 to 2019 (see Table 3 in Annex 1). Despite this, there have been increases in the import of ice cream and edible ices (See Figure 4), while the import of bakery products and confectionary increased from 2009 to 2011 and there was a sharp increase in the import of crisps and snacks and noodles from 2016 to 2018 (see Figure 5).

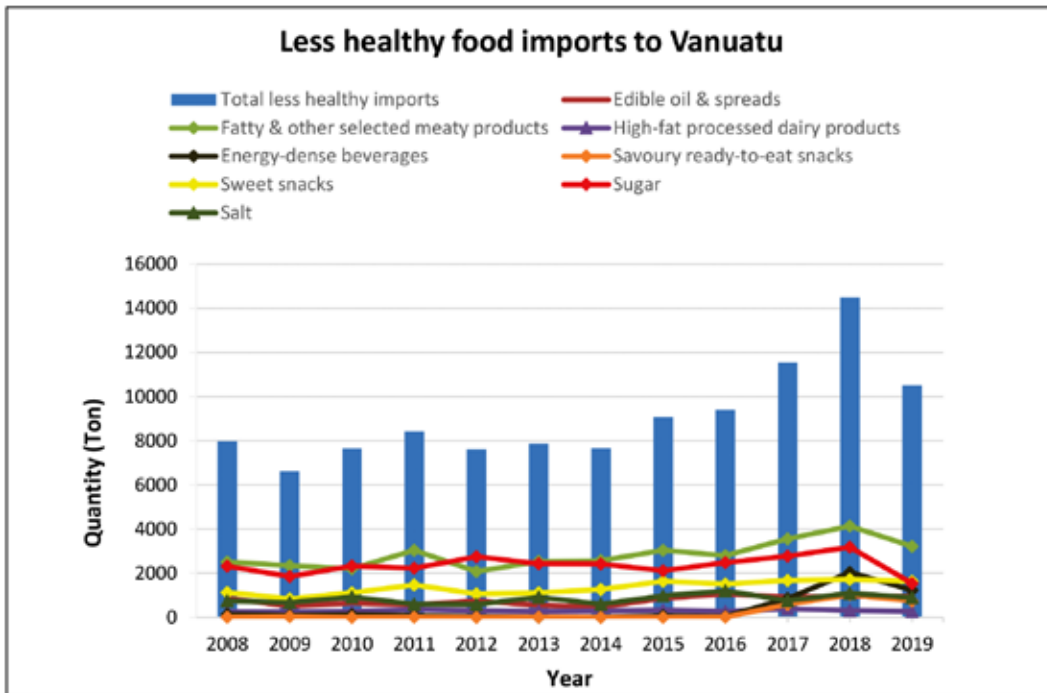


Figure 3: Volume of selected less healthy food imports to Vanuatu over the period 2008 to 2019 from major WTO importing countries.
 Source: Vanuatu National Statistics Office.

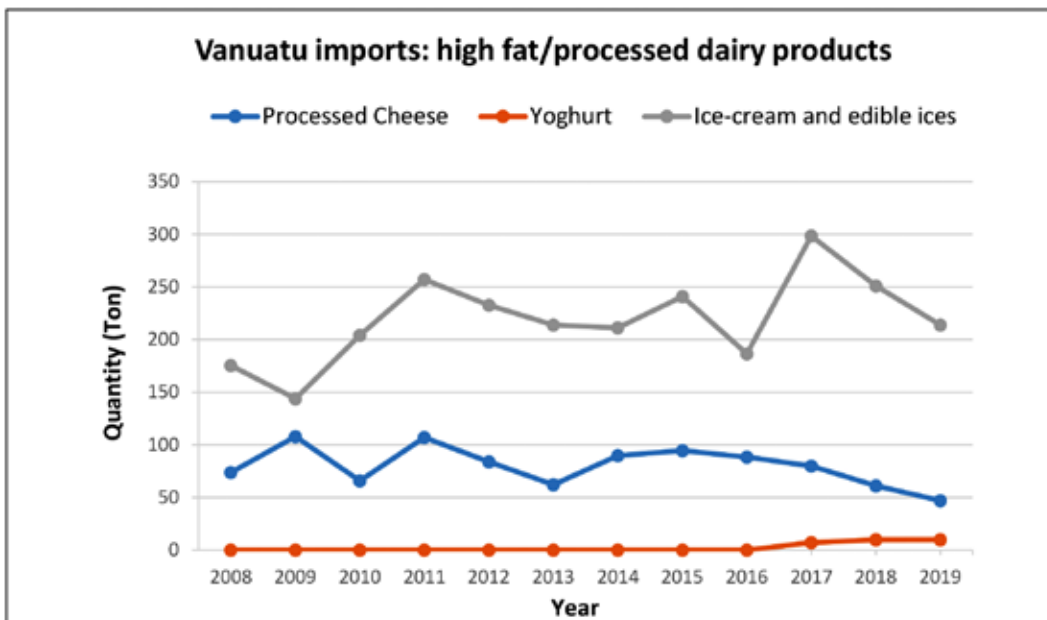


Figure 4: High fat/processed dairy food imports to Vanuatu over the period 2008 to 2019 from major WTO importing countries.
 Source: Vanuatu National Statistics Office.

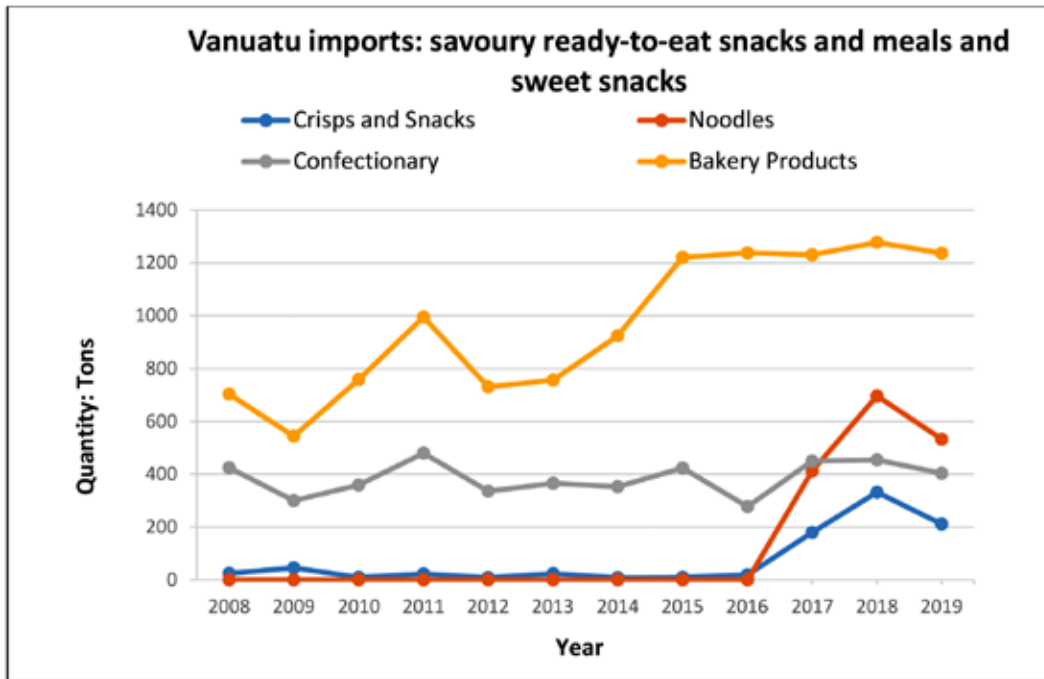


Figure 5: Savoury ready-to-eat snacks and meals (crisps and snacks, noodles) and sweet snack (bakery products, confectionary) imports to Vanuatu over the period 2008 to 2019 from major WTO importing countries.
 Source: Vanuatu National Statistics Office.

As shown in Figure 6, from 2008 to 2019, Vanuatu consistently imported more canned fish than processed meat and canned meat. With applied tariffs on processed meat and canned meat imports remaining unchanged between 2008 and 2019 (with the exception of a 10% increase in the tariffs on imported ham, bacon, salami, jerky, cold cuts and chicken nuggets from 2012 to 2019), there have been no marked increases. An additional excise duty of 20% (from 2014) and VAT of 15% (from 2017) applies to these food categories.

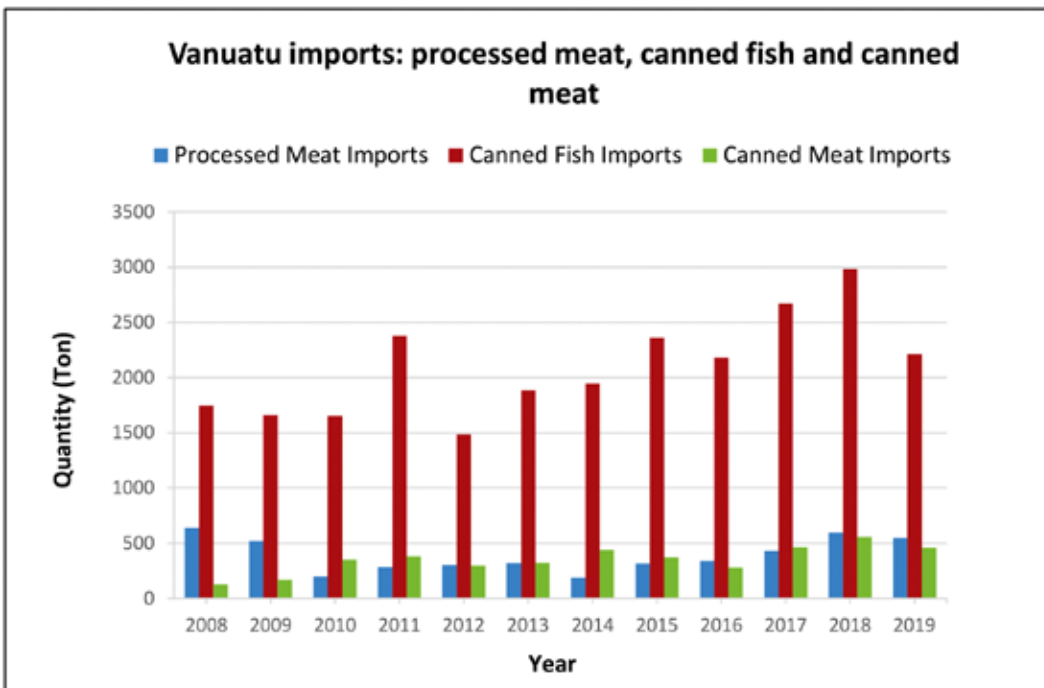


Figure 6: Selected fatty and other meat imports into Vanuatu over the period 2008 to 2019.
 Source: Vanuatu National Statistics Office.

Figure 7 shows an increase in soft drink and cordial imports from 2016 to 2018, despite a high applied tariff of 75% on soft drinks and the applied tariff on cordial imports remaining unchanged from 2008 to 2019 at 20% per cent. The 75% per cent tariff applied to soft drinks and electrolyte/sports drinks is in addition to the specific excise tax rate of 50 vt/L applied since 2015 as alluded to earlier.

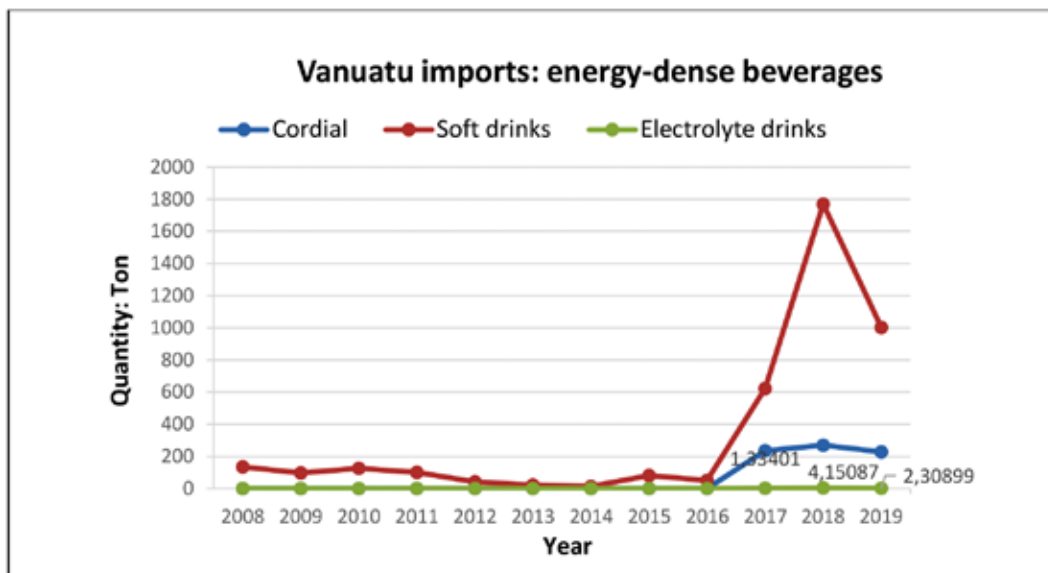


Figure 7: Cordial juices, soft drinks and energy drink imports into Vanuatu over the period 2008 to 2019.
Source: Vanuatu National Statistics Office.

Sugar and caloric sweetener imports (HS 1701 and 1702) into Vanuatu over the period 2008 to 2019 was varied (see Figure 8). While the applied tariff on sugar and caloric sweetener imports remained unchanged at 10% from 2008 to 2019, an additional excise duty of 20% (from 2014) and VAT of 15% (from 2017) applies to these HS category codes.

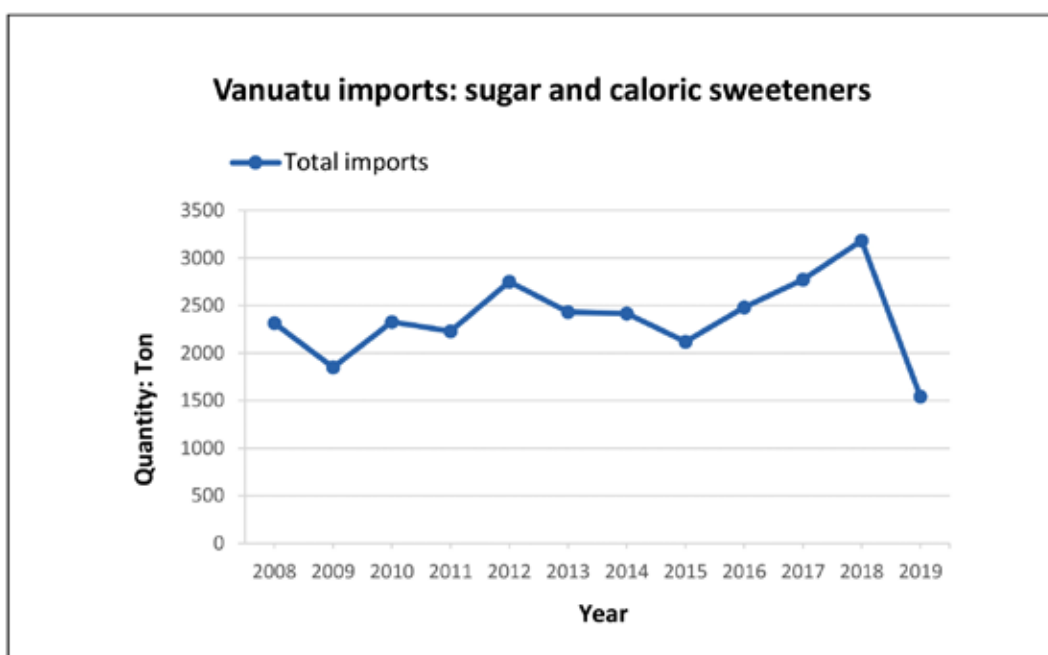


Figure 8: Sugar and caloric sweetener imports into Vanuatu over the period 2008 to 2019.
Source: Vanuatu National Statistics Office.

Trade in services and foreign direct investment

Following its accession to WTO in 2012, Vanuatu agreed to undertake specific commitments on 10 service sectors and to progressively liberalise its business environment, with few restrictions on investment in order to promote small local businesses. In accordance with the GATT Article III on national treatment, and paragraphs 1 to 3 in Article XVII of GATS, Vanuatu has applied no limitations on market access and no limitations on national treatment for foreign investors. Only normal government approval and registration is required for all foreign investors under Vanuatu's Foreign Investment Act No.15 of 1998 and its amendments.

Type and country of origin of all foreign-owned transnational corporations operating in Vanuatu

Table 5 (see Annex 3) shows foreign-owned transnational corporations engaged in food and beverage production in Vanuatu from 1998 to 2019. While there are no available FDI (foreign direct investment) data specific to their investment in domestic food production, processing, retail and advertising sectors, the available data show that there were 49 foreign-owned companies engaged in food production, processing, wholesale and retail in Vanuatu in 2019 (see Annex 3). These companies are mainly associated with food manufacturing and processing and the production of coffee, bakery products, confectionary, food preservatives, fish, local food products and meat, as well as the manufacturing, processing and packaging of palm oil, coconut oil, cooking oil, water, cordial juice, flavoured juices, soft drinks and alcoholic beverages. The production of these is largely for local consumption. As indicated in Table 5 (see Annex 3), there are several breweries/distilleries, bakeries, cafes, restaurants and take-away services with significant investment that are also operating in-country.

Type and country of domestic industries in the food and beverage sector operating in Vanuatu

Vanuatu's domestic food and beverage industries also play an important role in shaping Vanuatu's food environment. Data provided by the Ministry of Industry and Trade show 32 locally owned food and beverage companies registered since 2014 (see Table 6 in Annex 4). Of the 32, five sell confectionary, ice cream and frozen dessert products; one is engaged in the production of peanut oil; one sells flavoured juices/soft drinks; five are breweries/distilleries/liquor businesses; three sell bakery products and ready meals; one sells sweet savoury snacks; and nine sell meats, of which one specifically sells canned meats only and eight sell fresh and processed meats. The remaining seven companies are engaged in other business ventures, producing and selling water (2), fruit juices and frozen fruit delights (1), coffee (1), frozen root crops (1), dried spices, fruits and vegetables (1), and manioc flour (1).

Vanuatu's food and trade policies and national documents affecting food safety and nutrition

The Rome Declaration of the Second International Conference on Nutrition^[13] highlights the importance of using policy to create a healthier food environment, with improved availability, accessibility, affordability and acceptability of healthy foods. In this section of the report, the current policy context in Vanuatu is summarised in Table 7 and specific policy gaps/challenges that are emerging from the policy measures currently in place are identified.

Table 7: Stocktake of existing policies and action that aim to reduce consumption of unhealthy imported foods and beverages

Domain	Indicator	Policy/ Action	What is being enforced/committed to?	Gaps/challenges identified
Food composition	Effective regulations are in place to ensure that, where practicable, processed foods minimise the energy density and the nutrients of concern (salt, saturated and trans fats, added sugars)	Vanuatu Food (Control) Act 2009 (Food Control Act number 21 of 1993 and amendment of number 27 of 2009)	The act specifically stipulates rules about labelling and standard of products that must be met before entering Vanuatu. It establishes food fortification standards for any food produced domestically or imported. Without limiting the generality of subsection (1), standards may be issued under that subsection for the purposes of, or in relation to, any or all of the following: a) composition of food b) production, manufacture, and preparation of food c) storage of food d) labelling of food e) promotion and advertising of food f) sampling and testing of food to determine its composition or safety * An MOU between Health and Customs is to be developed to strengthen enforcement in terms of complying with the Vanuatu Food Act .	The Vanuatu Food Act does not have any specific food composition targets/standards for the amount of salt, sugar or trans fats in food products that are major contributors to population intakes of these nutrients. Enforcement gaps remain and regulation at the border remains weak, especially given that pre-shipment inspection of imports is not conducted. The role of the national codex committee needs to be strengthened, particularly in coordinating concerns related to food regulation.
		Vanuatu Bureau of Standards Act 2016	An act to provide for the development, promotion and maintenance of standardisation and the rendering of related conformity assessment services. Detailed functions of the bureau are stipulated under section 11, paragraph (1), parts (a) to (n) and paragraph (2).	The bureau has prepared draft standards only for virgin coconut oil and bottled drinking water. There are no specific standards developed yet for recommended levels of salt, fat and sugar in food products. Codex Alimentarius is currently used as Vanuatu's default (basis of their national requirements) for standards, codes of practice and guidelines relating to foods, food production and food safety.
		Vanuatu National Nutrition Policy and Strategic Plan 2016–2020	Aims to improve the health status of the population through improved nutrition. The plan includes commitments to build stronger coordination mechanisms across different sectors. This includes: (i) integrating nutrition promotion and education into community development programmes; (ii) reviewing, endorsing and disseminating the <i>National Guidelines for Healthy Diets and Lifestyles</i> , along with targeted nutrition IEC materials; (iii) improved preparedness and response for nutrition in emergencies; (iv) the development and implementation of targeted fat, sugar and salt reduction strategies; (v) delivering nutrition interventions that manage and treat diet-related NCDs; (vi) supporting the development and implementation of legislation targeting risk reduction of NCDs, such as the legislation on the marketing of food and non-alcoholic beverages to children; (vii) and potential legislation on fortification of oils and other staple foods.	There are no fat and sugar reduction targets, nor are there strategies in place. Until these are developed, and only when recommended values are reflected in food legislation, can food products be regulated at the border and legislation to limit sugary, fatty and salty products can be developed and enforced effectively.
Food labelling	Ingredient list and nutrient declarations in line with Codex recommendations are present on the labels of all packaged foods. A single, consistent, interpretive, evidence-informed front-of-pack supplementary nutrition information system, which readily allows consumers to assess a product's healthiness, is applied to all packaged foods.	Food Control Regulation #37 of 2007	Parts 1 to 7 focus on food handling, storage, preparation and processing. Part 8 discusses labelling of packaged food, inclusive of easy-to-read and understandable labels and language of the label is Bislama and either English or French. The following information must appear on labels of pre-packaged food: <ul style="list-style-type: none"> • name of food • net contents • instruction for use • name and address of the distributor and/or manufacturer • list of ingredients • list of additives • country of origin • lot identification • use by date • storage instruction • nutritional claim • date of production • name of minerals or vitamins fortified 	Labelling standards are in line with Codex Alimentarius. The labelling rules and packaging protects against misleading and confusing information to consumers. The capacity of the National Codex Committee will need to be strengthened to monitor compliance pertaining to food safety and labelling in order to maintain appropriate health and safety standards. This remains weak.

Domain	Indicator	Policy/ Action	What is being enforced/committed to?	Gaps/challenges identified
Food promotion	Effective policies are in place to restrict unhealthy food promotion to children through all forms of media.	Vanuatu NCD Policy and Strategic Plan 2016–2020	Includes a target for salt reduction. With regard to trans fats, there is mention that there needs to be an intervention. For unhealthy food marketing to children, one of the outlined activities is to ‘advocate for the adoption of additional legislation preventing the marketing of food and non-alcoholic beverages to children under the latest amendments to the food regulation’.	No specific activities are in place, apart from undertaking a salt survey and developing a salt reduction plan. There are no specific actions in place for the reduction of trans fats. No regulations exist to date to restrict promotion of unhealthy food to children nor are there regulations to restrict the promotion of unhealthy food to children in settings where children gather.
	Effective policies are in place for settings where children gather.	Vanuatu Public Health Act – Chapter 234	Allows for regulations on the promotion of breastfeeding and control of commercial baby food and limits to prescribed advertisements. Part 13 focuses on the prohibition of a smoking, a ban on the advertising of cigarettes, and issuance of warning phrases on sold cigarette packages.	Enforcement remains weak.
Food prices	Taxes on healthy foods are minimised.	There are no food pricing policies (taxes and subsidies) aligned with health outcomes. Taxes or levies (e.g. low or no excise, VAT or import duties on fruits and vegetables) on healthy foods have not been minimised to encourage healthy food choices where possible.		
	Taxes on unhealthy foods are introduced.	Sugar-sweetened beverage (SSB) tax	In 2015, a specific excise tax on the volume of sweetened beverages is now in place. The tax rate applied is 50 vt/L. This is applied to both imported and locally produced SSBs (HS 2022). For imported products, there is an additional 75% tariff applied.	No evaluation has been done on the effectiveness of tax in reducing consumption or weight loss.
		Excise tax	In 2014, an <i>ad valorem</i> excise tax of 20% was applied to specific meat products, canned meat and fish products, and sugar and sugary products (HS 1701 and 1702) to address national NCD issues.	No evaluation has been done on the effectiveness of tax in reducing consumption/changing consumer behaviour.
Food subsidies exist, including infrastructure funding support (e.g. research and development, supporting markets or transport systems) to favour healthy rather than unhealthy foods	Vanuatu Agriculture Sector Policy 2015–2030	There is mention under the Food Security and Agriculture Cluster thematic area that “nutrition and physical activity are crucial factors in the prevention and control of NCDs and so all activities related to food security should also ensure nutrition security”. Policy directives stipulate that Vanuatu mass produce sufficient and nutritionally adequate food for domestic consumption. The types of food need to be clearly defined. Under 10.3, it stipulates the need to encourage consumption of locally produced foods and discourage utilisation of imported foodstuffs. Under thematic area 9, there is a discussion on production and market access and point 9.2.3 focusses on productivity, stipulating that this be increased through the development and implementation of import substitution strategies for products such as rice, peanuts, vegetables and other agricultural produce that can be grown locally. Under point 9.3.1 there is a recommendation that value-adding be increased for agricultural products to increase value and shelf-life.	Collaboration between the Ministry of Agriculture and Ministry of Health remains weak. No subsidies currently exist to increase the intake of fruits and vegetables. Healthier meal alternatives are much more expensive than processed foods and meals high in fat, salt and sugar. This is because national transport links remain poor and domestic transport costs remain high for farmers and local producers, and because production is low and over-priced. It is recognised that the Vanuatu subsistence farming model limits production so commercial farming models should be explored in order to increase production. The Vanuatu import substitution policy is not clear on how it plans to assist in the production and processing of healthier food alternatives. There is more emphasis on industry value addition.	

Domain	Indicator	Policy/ Action	What is being enforced/committed to?	Gaps/challenges identified
Food prices		Vanuatu Overarching Productive Sector Policy 2012–2017	<p>The policy recognises the nation's growing food needs and the need to either increase agricultural production or increase food imports. High international food and oil prices have brought a renewed emphasis on domestic food production and have shifted government's policy focus to national food security through increased food self-sufficiency, along with the drive to increase export earnings.</p> <p>The policy promotes private sector-led agriculture growth and discusses the need for more import substitution policies for agricultural products and viable exports. It acknowledges the need to monitor imports under preferential trade agreements, recognising the need to strengthen capacity in order to do this and to ensure they conform to the agreed 'Rules of Origin' and comply with trade agreements.</p>	<p>Government's capacity to monitor compliance needs to be strengthened.</p> <p>Local produce remains much more expensive for ni-Vanuatu people than imported/processed foods.</p> <p>Competitiveness of local produce is largely dependent on government's success in lowering the costs of doing business, particularly in relation to utility costs and transport costs (tyranny of distance).</p> <p>National transport links remain poor, so imported foods continue to be more competitive.</p>
		Gudfala Kakae Policy	The provides the roadmap and mechanism to improve efforts and coordination to address food security and ill health issues with the aim of improving the health and wellbeing of the ni-Vanuatu people. The focus is on enhancing production in the agriculture, livestock, fisheries and forestry sectors, improving food security and food safety nationally.	There are no incentives to minimise consumption of less healthy food and beverage items and increase intake of healthy foods.
		Vanuatu National Fruits and Vegetable Strategy 2017–2027	The strategy is targeted on addressing issues pertaining to food security, health and nutrition, climate change and disasters, and increased escalation of imported fruits and vegetable products.	<p>There remains a lack of incentives for farmers to participate effectively in the fruit and vegetable sector. Import duties and VAT remain on all farming and fishing inputs and these need to be eliminated to support farmers.</p> <p>Inconsistency in supply and deficient quality of fruit and vegetable products.</p> <p>Vanuatu Bureau of Standards to develop certain standards for the sector.</p> <p>Accessing finance for development in the fruit and vegetable sector remains negligible.</p>
		Vanuatu National Livestock Policy 2015–2030	The policy provides guidance for ni-Vanuatu farmers and investors to gain wealth and to raise their standard of living from livestock farming at the village level. Small-scale farming is elevated from the subsistence status to semi-commercial or fully-fledged commercial farming.	<p>Government is pursuing a restocking programme, with an increased focus on economic development. No evaluation of this has been done.</p> <p>Import duties and VAT remain on all farming and fishing inputs and these need to be eliminated to support farmers.</p>
	Government-subsidised food-related income support programmes are available for healthy foods.	Vanuatu has no policy on subsidising food or related programmes targeted towards the production and processing of healthier food alternatives.		

Domain	Indicator	Policy/ Action	What is being enforced/committed to?	Gaps/challenges identified
Food provision	Clear, consistent policies (including nutrition standards) implemented in schools and early childhood education services for food service activities (canteens, food at events, fundraising, promotions, vending machines, etc.) to promote healthy food choices.	Healthy school canteen guidelines		Enforcement remains a challenge.
		Vanuatu guidelines for health-promoting schools	Stipulates that all schools should have a school health policy covering the following aspects: personal hygiene, school canteen retail, etc.	Enforcement remains a challenge.
		Sweet Drink Policy 2014	The policy bans the sale of sweet drinks in kindergartens and schools (drinks which contain sugar, sweetener or flavouring and have low nutritional value, including carbonated or fizzy drinks, cordials, sports drinks, energy drinks, fruit drinks, fruit juices, sugarcane juice, flavoured milks and drinks with added sugar). N.B. Sweet drinks are prohibited at schools and kindergartens throughout. This includes: a) drinks sold at schools and kindergartens; b) drinks provided free at schools and kindergartens (e.g. class parties, fundraisers); and c) drinks brought to schools and kindergartens by students, their family, staff or the community.	Enforcement remains a challenge. Only a few schools have enforced the policy. There are no regulations governing hawkers and those selling outside school gates and areas surrounding schools.
Food retail	Zoning laws and policies are robust enough and being used to place limits on the density or placement of quick serve restaurants or other outlets selling less healthy foods in communities, and to encourage the availability of outlets selling fresh fruit and vegetables.	Food (Control) Regulations	Outlines criteria for achieving a Food Safety Certificate.	Compliance on food safety standards needs to be strengthened. Possession of a Food Safety Certificate needs to be enforced for market retailers and '20 vatu' food handlers. Training in food safety, hygiene and nutrition for these retailers also needs to be enforced.
Food in trade and investment agreements	Health impact assessments are undertaken before and during the negotiation of trade and investment agreements.	Vanuatu National Nutrition Policy and Strategic Plan 2016–2020	The plan aims to improve the health status of the population through improved nutrition. It includes commitments to build stronger coordination mechanisms across different sectors, integrating nutrition promotion and education into community development programmes; reviewing, endorsing and disseminating the <i>National Guidelines for Healthy Diets and Lifestyles</i> , along with targeted nutrition IEC materials; improved preparedness and response for nutrition in emergencies; the development and implementation of targeted fat, sugar and salt reduction strategies; delivering nutrition interventions that manage and treat diet-related NCDs; and supporting the development and implementation of legislation targeting risk reduction of NCDs, such as the legislation on the marketing of food and non-alcoholic beverages to children and potential legislation on fortification on oils and other staple foods.	There are no fat and sugar reduction targets nor are there strategies in place. Only when these are developed and recommended values are reflected in food legislation, can food products be regulated at the border and a legislation to ban some food products high in sugar, fat and salt can be developed and enforced effectively.
	Government adopts measures to manage investment and protect their regulatory capacity with respect to public health nutrition.	Vanuatu National Sustainable Development Plan 2016–2030	Society goal 3.2: Reduce the incidence of communicable and non-communicable diseases. Target: By 2020, the prevalence of diabetes among the adult population is <13.1%, and diabetic related lower-limb amputations are <23 total cases (Excluding digits) (SDG) >>>Status: Prevalence 13.1% (2016); Amputation 23 cases (2015). Environment Pillar 1 on Food & Nutrition Security. Economy Pillar 1 on stable and equitable growth via trade liberalisation, aid for trade, access to markets for exports, and trade by trade agreements.	Work is being progressed through the NCD Implementation Action Matrix 2019/2020, but an evaluation of activities identified will need to be undertaken to measure effectiveness and whether these targets have been met.

Discussion

The results presented in this report suggest a strong association between Vanuatu's trade liberalisation and the increased availability of the diverse range of imported products: fats and oils, meat and canned fish, processed dairy products, energy-dense beverages, and processed and packaged foods. While liberalisation and commitments under WTO and MSGTA trade agreements have changed the food availability and nutritional quality of Vanuatu's food environment, there are several important and interesting caveats to note. The main points for discussion in this section focus on a series of liberalisation processes based on Vanuatu's WTO and MSGTA commitments accompanying the changes in food imports and how these have contributed to shaping Vanuatu's food environment by increasing less healthy food imports.

Structural adjustment reforms: The use of tariffs and excise duties

As a WTO signatory in 2012, Vanuatu agreed to binding all of its tariffs. While there has been an influx of less healthy food imports, the relationship is not straightforward. For some food categories, such as ice-cream and edible ices, savoury ready-to-eat snacks and sweet snacks, tariffs have remained unchanged, but the percentage import volumes of these foods has been increasing for a number of years. In the case of soft drink and cordial imports, despite a high applied tariff of 75% on soft drink imports and a 20% tariff on cordial imports remaining unchanged since 2008 at 20%, these imports still recorded an increase from 2016 to 2018. The additional excise duty and VAT applied to some of these food categories are likely to have contributed to the fluctuating trends in total food import volumes of these foods.

Many Pacific Island countries, including Vanuatu, have implemented excise taxes as a way to reduce consumer demand for unhealthy choices, but these need to be supported by other, complementary actions. In many instances, with the minimal increases in taxes and the ad hoc implementation of these, the intended impact on consumer behaviours has fallen short. Further to this, recent developments have also shown that the focus of excise tax increases has been on revenue generation rather than changing consumer behaviour and hardly any Pacific Island country (Vanuatu included) dedicates any of the excise tax revenue on targeted unhealthy products to the health sector.

Vanuatu's WTO commitments: WTO agreements on pre-shipment inspection, import prohibition and anti-dumping, countervailing or safeguard measures

To regulate the sale and availability of processed foods and sugar-sweetened beverages in Vanuatu's food environment, various WTO agreements provide grounds for technical regulations to be prepared, adopted or applied by member states to protect human health and safety. Vanuatu has yet to maximise the general safeguards in line with these agreements and has only imposed import prohibitions on beef imports originating in Europe since the late 1990s. This is in accordance with GATT Article XIII on Non-Discriminatory Administration of Quantitative Restrictions, Article XI, 2(c) on Quantitative Restrictions that allows for "import restrictions on any agricultural or fisheries product, imported in any form, necessary to the enforcement of governmental measures which operate" and pursuant to Vanuatu's Customs (Prohibited Import) Regulations Order No.115 of 2014. Regarding the Agreement on Preshipment Inspection, Vanuatu does not carry out any preshipment inspection and has no laws, regulations or procedures and criteria in place to put this agreement into force. Moreover, Vanuatu has no intention of doing so as per their schedule of specific commitments. However, to ensure that the quality of goods shipped has complied with quality measures during the production process, it becomes important for countries to opt for pre-shipment inspection. Vanuatu should re-consider this commitment, as pre-shipment inspection can help reduce the risk of receiving poor-quality food products that are non-compliant with Vanuatu's food related regulations.

To ensure fair trade and to protect against the dumping of goods and its trade distortive effects, the WTO Anti-dumping Agreement allows governments to act against dumping where it is hurting domestic industries or to cope with a sudden surge of foreign goods. While Vanuatu agreed to not applying any anti-dumping, countervailing

or safeguard measures until it had implemented appropriate laws consistent with WTO agreements, it now has draft anti-dumping regulations under review. It must be cautioned that anti-dumping measures may pressurise the government to restrict the import of better and cheaper imports by calling them dumped commodities. Dumping should not be mistaken and simplified to mean cheap or low-priced imports. Rather it should only be taken up in its legal sense, that is, the export of goods lower than their normal value where the goods are low priced imports only in the relative sense – relative to their normal value.

Vanuatu's WTO commitments to foreign direct investment

The encouragement of foreign direct investment through Vanuatu's commitments has also increased the availability of locally produced food preparations and processed foods and ultimately the consumption of these. As presented in Table 5, the production of foods for both local consumption and export has important implications for the nutritional quality of the food environment in Vanuatu. Food preparations such as bakery goods and biscuits, snack foods, soft drinks, chocolate products and other confectionary products are now produced locally. Further to this, Vanuatu's commitment to have fewer restrictions on investment to promote local businesses has contributed to an increase in these food preparations via domestic industries as shown in Table 6 (see Annex 4). These products are increasingly consumed as indicated in the 2017 Shop Survey^[11] and the baseline study identifying households most at risk of poor nutrition outcomes in Vanuatu^[12]. The rising availability of these less healthy products is most greatly associated with foreign direct investment and the progressive liberalisation of Vanuatu's business environment with few restrictions on investment to promote domestic industries and small local businesses.

Trade liberalisation, Vanuatu's domestic policy space and food import volume trends

Given the relatively limited safeguard measures undertaken to protect public health and to regulate the increased availability of processed foods, coupled with the extensive procedural requirements and conditions that make these mechanisms difficult to use, Vanuatu should focus on strengthening the coherence and enforcement of its current food-related legislation and policies.

Policy recommendations

The Government of Vanuatu has identified prevention and control of non-communicable diseases as a priority. Cabinet endorsed a new national development plan – the Vanuatu National Sustainable Development Plan in 2016, where Environment Pillar 1 ensures that food and nutrition security needs are adequately met through the development of a food security and nutrition policy. Once developed, this policy will outline regulatory frameworks, enforcement and compliance mechanisms that incorporate a review of food importation to minimise the negative impact on NCDs and its risk factors. In addition to this, Vanuatu's NCD Policy and Strategic Plan 2016–2020 emphasises strongly the need for multisectoral collaboration, recognising the integral role of government ministries, the private sector, NGOs, civil society groups and communities in both the prevention and control of NCDs in Vanuatu.

As seen in Table 7, the current legal and regulatory environment for food is fragmented, i.e. meat and fish are handled under separate legislation and enforcement structures in different sectors. Policy coherence across the different sectors needs to be strengthened to avoid duplication of effort, inconsistencies or gaps, and a dilution of already scarce resources. With the increasing trend in food imports over recent years, it will be important to strengthen the policy and legislative environment by addressing the gaps listed below.

- While trade agreements protect food sovereignty to a certain extent, in many instances they are not linked with domestic health and agriculture policies in ways that are consistent with health objectives. In Vanuatu's case, no risk impact assessments have been undertaken before or during previous trade negotiations to identify, evaluate and minimise the direct and indirect negative impacts of trade agreements they become party to on population nutrition and health. It is suggested that Vanuatu

consider health impact assessments for all new trade agreements they are negotiating, including the Economic Partnership Agreement, PICTA and MSGTA.

- Currently, no legislation exists to ban sugary, salty or trans-fatty products. There is a need to develop schedules that set out the maximum level of salt, sugar and trans-fat on specified food items and to regulate these across the food supply. As a starting point, the Ministry of Health should develop a reference list of foods high in the nutrients of concern and also develop food composition targets for key foods that should be regulated at the border as well as those that are locally produced.
- In terms of border control, Vanuatu has no system to maintain appropriate health and safety standards by monitoring compliance with and enforcement of the 1993 Food Control Act no 21 and the 2007 Food Control Regulation no 37 pertaining to food safety and labelling. Technical capacity is also not available to sample imported foods or locally produced foods to validate claims presented on their labelling. Given the limited capacity to coordinate compliance and enforcement efforts, Vanuatu should focus on specific foods with high risk to public health and ensure that these are captured in the developed reference list with recommended/maximum values so that they can be monitored by the Customs Department at the border.
- There are currently no government regulations/policies in place to restrict unhealthy food marketing to children through broadcast media (TV, radio), non-broadcast media (internet, social media, food packaging, sponsorship, outdoor advertising including around schools) and in settings where children gather (at preschools, schools, sporting and cultural events).
- While several policies² make mention of the need to develop incentives aligned with health outcomes to make the healthy eating choices the easier, cheaper choices, there are no food pricing policies (taxes and subsidies) to encourage healthy food choices where possible (for example low or no import duties or VAT on fruit and vegetables).
- Taxes or levies on unhealthy foods is only for sugar-sweetened beverages (SSBs) and specific meat products, canned meat, canned fish products, sugar and sugary products (HS 1701 and 1702). There are no taxes or levies in place for foods high in nutrients of concern (trans fat, salt and sugar) such as there are in Mexico, where an *ad valorem* excise duty of 8% applies to foods with high caloric density, defined as equal to or more than 275 calories per 100 grams. The food product categories that are affected by the tax include chips and snacks, confectionary, chocolate and cacao-based products, puddings, and peanut and hazelnut butters.
- The absence of infrastructure funding to support markets or transport systems that enable farmers and local producers to participate actively in the fruits and vegetable sector remains a huge contributor to the inconsistency in supply and deficient quality of fruits and vegetable products. It also contributes to the high cost of local produce when compared to imported/processed foods.
- Besides the Sweet Drink Policy 2014 and Vanuatu's Healthy School Guidelines that set clear instructions on the food and drinks that are allowed to be sold and those prohibited for sale in school canteens, there are no national mandatory nutrition standards on healthy food service policies implemented in schools and early childhood education services for food service activities (canteens, food at events, fundraising, promotions, etc.) nor at other public sector settings for food service activities (20 vatu stalls, food at events, etc.) to provide and promote healthy food choices.
- With regard to the 20 vatu stalls and other quick serving outlets, there are no zoning laws or policies to place limits on the density or placement of these in communities. There are also no existing government support systems to encourage food vendors selling outside *nakamals* to offer healthier options, such as reduced saturated fat cooking oil, wholegrain noodles and rice, reduced salt soy sauce and increased vegetable content.
- The policies outlined in Table 7 mention that interventions to tackle nutrition-related NCDs have largely focused on prevention by promoting healthy diets via the media, community health education

² The Vanuatu Agriculture Sector Policy 2015-2030, The Vanuatu overarching productive sector policy 2012-2017, the Gudfala Kakae Policy, the Vanuatu National Fruits and Vegetable Strategy 2017-2027 and the Vanuatu National Livestock Policy 2015-2030

programmes, and IEC (information, education and communication) materials, but these have not been evaluated. More action must be taken to integrate nutrition promotion and education into health services and education systems, and to develop targeted nutrition interventions that lead to behaviour change and improved health outcomes.

- In terms of foreign direct investment (FDI), the Government of Vanuatu has not adopted any clear measures to manage such investment and to protect its regulatory capacity with respect to public health nutrition.

Study limitations

The study was limited by gaps in available data – the segregation of data by countries exporting into Vanuatu, data relating to tariff rates, FDI investment and monetary data, and calculation of tariff-rate quotas for the identified focus foods. The limited availability of data made it difficult to demonstrate causality, nor could the importance of trade agreement provisions in driving change in nutrition quality and shaping Vanuatu's food environment be effectively estimated. The study was also limited by the absence of a Vanuatu-specific nutrient profiling model that is category-specific and threshold-based to provide an appropriate indication of the healthiness of foods via which specific policies aiming to reduce diet-related NCD risk can be developed to guide the recommendations for taxation on foods not meeting the nutrient profiling criteria.

Recommendations

To improve the policy response to unhealthy diets and to create a supportive environment for healthier food choices that are readily available, affordable and accessible, careful design, enforcement and monitoring of fiscal policies, alongside food and trade legislation, can reduce consumption of discretionary foods and improve health in general. Among the various policy gaps that have been mentioned in this report, evidence suggests that the health gains can be optimised in the following ways.

1. Purpose: Consider Vanuatu's trade commitments, establish and communicate a clear health goal.
2. Apply fiscal measures:
 - i. choose an excise tax;
 - ii. apply targeted nutrient-based taxes on specific nutrients;
 - iii. apply nutrient-profiling taxes on nutrient composition of foods; and
 - iv. set an adequate tax rate, preferably 20%+.
3. Invest revenue generated to support implementation of complementary policy measures to promote healthy foods.
4. Ensure that other healthier food alternatives are more affordable than processed and imported foods.
5. Monitor enforcement of fiscal measures and evaluate the impact on health and consumption over time, making adjustments when needed.

These recommendations are discussed in more detail in the sections that follow. It is critical that they: (i) align with government priorities as stipulated in the *National Sustainable Development Plan 2016 to 2030*; (ii) engage other sectors in the development and strengthening of cross-sectoral policies; (iii) provide research-based evidence that justifies the need for policy changes or new policy initiatives and does not violate trade agreement commitments; (iv) build on existing excise tax policies for selected foods in Vanuatu; and (v) use a clear enforcement mechanism.

Consider Vanuatu's trade commitments, establish and communicate a clear health goal

There have been discussions within Vanuatu's Ministry of Health and Ministry of External Trade calling for the banning of foods high in the nutrients of concern (trans fat, sugar and salt). However, this needs to be carefully considered, as blanket bans on discretionary foods high in these nutrients cannot be made without considering Vanuatu's commitments to trade agreements, particularly the WTO and MSGTA agreements, as well as the impact this could have on foreign direct investment and domestic industries that are producing similar products high in these nutrients. Additionally, to impose blanket bans on discretionary foods would require research-based evidence that clearly shows the causality between these discretionary foods and the growing NCD crisis in Vanuatu. Scientific analysis showing the relationship between these variables and a national profiling of industries will be required to ensure that any new regulations aimed at reducing the consumption of these discretionary foods do not violate WTO provisions and provisions of other trade agreements Vanuatu is party to, such as the MSGTA.

As an alternative to bans, careful designing of a tax policy that is clearly justified in terms of its contribution to health can be considered. There are many benefits in the application of fiscal policies, particularly from taxing foods high in trans fat, sugar and salt^[14, 15]:

- increased finance support measures or incentives that target healthy food affordability and availability and accelerate action on NCDs;
- decreased purchase and consumption of unhealthy foods, with associated increases in consumption of healthy foods;
- increased health benefits of small but meaningful reductions in BMI, diabetes and dental caries; and
- increased government revenue which may be invested strategically to fund NCD interventions or other health initiatives, or support implementation of complementary policy measures.

The evidence for the effectiveness of fiscal policy measures as part of a comprehensive policy approach to NCD prevention is growing^[16, 17]. In countries where a clear health goal is communicated as part of efforts to reduce consumption of unhealthy foods and to promote health in general, the taxation is found to have a positive impact on diet. Tax rates are also generally higher where clear health goals are established and communicated^[18, 19].

Given the presence of both foreign direct investment and domestic industries, a common concern is the effect of taxes on employment, due to job losses as a result of decreased profitability of affected sectors of the food industry. However, the literature shows that there is opportunity to increase employment overall where there is an increase in consumption of healthier alternatives produced by the same industries. Jobs can be created elsewhere in the economy as consumers reallocate their spending to other goods and services and there are opportunities for increased government-related employment with the increased revenue^[20].

1. **Recommendation:** Establish clear baseline evidence for the associations and relationships between discretionary foods and the growing NCD crisis in Vanuatu. Clearly explain the goal of introducing and/or strengthening fiscal policies, especially tax policies, in terms of their contribution to health. Political leadership and commitment are critical to explain the links between discretionary foods and health before a tax is introduced or increased for discretionary foods.

Fiscal policy and complementary measures

A significant contributor to high trans fat, sugar and salt intakes are foods such as sweet snacks (e.g. biscuits, pastries and confectionary), savoury snacks (e.g. potato chips, French fries, instant noodles) and sweet beverages. Globally, there is growing interest in the application of fiscal policies to create incentives for the increased consumption of healthier foods and decrease consumption of these discretionary foods. Based on the analysis of food import volumes in this report, the specific food categories recommended to be taxed are:

- confectionary;
- sugar;
- bakery products;
- edible ices; and
- savoury snacks, including instant noodles.

Given that no legislation exists in the domestic space to ban sugary, salty or trans fatty products, Vanuatu should consider developing schedules that set out the maximum level or thresholds of salt, sugar and trans fat on specific food items and to regulate these across the food supply. A targeted approach should be taken and a reference list of foods high in these nutrients should be developed. Food composition targets should also be developed for key foods that should be regulated at the border and for those that are locally produced as well.

- 2. Recommendation:** Develop schedules that set out the maximum level of salt, sugar and trans fat on specified food items and clearly explain the goal of regulating these across the food supply to reduce consumption. As a starting point, the Ministry of Health should develop a reference list of foods high in these nutrients. Food composition targets should also be developed for key foods that should be regulated at the border and for those that are locally produced as well.

Taxes aimed at promoting healthy eating could be administered in a variety of ways^[16]. The following options can be considered when exploring nutrition-relevant pricing policies.

Excise tax

Excise taxes, sales taxes and taxes on commercial production are recommended to improve diets^[17, 21]. Globally, most recommendations have focused on consumption taxes^[16]. While tax can be levied at any point in the supply chain, the closer the tax point is to the consumer, the more likely it is that the tax will be effective^[22]. Excise taxes can be levied either per unit of product (specific excise) or value (*ad valorem*). Excise taxes are effective on commodities with large sales volumes, few producers, inelastic demand, easy definability, and few close substitutes, if the goal is to maximise revenue^[23]. Tobacco products fit most or all of these characteristics. Conversely, a relatively large tax on a relatively elastic commodity will maximise the effect on consumption^[24]. In the case of foods, they have large sales volumes, more producers, are relatively inelastic and substitutes are easily found. The overall impact of an excise tax will partly depend on whether the tax is suitably designed to cover possible substitute commodities.

Given the aim to influence what consumers buy and to shift consumption towards healthier alternatives, an excise tax has been recommended because it is more likely to be built into the shelf price that consumers see when making their purchase^[25], the tax is easier to administer than *ad valorem* tax, and it generates predictable revenue, as it is applied by volume of liquid or weight of food^[16]. In contrast, taxes as a percentage of price (*ad valorem* or sales taxes) can persuade consumers to buy cheaper products instead of healthier products^[16]. Drawing on global recommendations for tax reform that favour the use of excise taxation for products, coupled with broad-based taxes such as VAT^[26], specific excise duties can be applied to specific foods high in the nutrients of concern combined with VAT and import duties.

2a. Recommendation: Since most food and beverage products are relatively inelastic, applying excise tax to specific foods is likely to result in changes in consumption and the generation of revenue. Specific excise taxes focusing on products containing high levels of sugar, trans fat or salt (above the maximum level schedules developed in recommendation 2), will be easier to administer and generate predictable revenues when compared to an *ad valorem* tax, but require regular evaluation and adjustment to keep up with inflation. They can potentially incentivise manufacturers to alter the characteristics of the products sold, which may undermine the tax. In contrast, *ad valorem* taxes automatically adjust for inflation and have a greater impact on industry profits, but they are harder to implement, revenues are more unpredictable, and they incentivise manufacturers to cut their price to maintain volume. This can generate a wide gap between cheap and expensive food products, which could still undermine the tax if consumers switch to cheaper products that could be just as harmful. While an excise tax on products that fall within these food categories (confectionary, sugar, bakery products, edible ices and savoury snacks) is a good option because it is non-discriminatory between imported and locally produced foods in these categories, deciding on the tax mechanism to apply will need further analysis.

Targeted nutrient-based tax on specific nutrients

Specific excise taxes based on the unhealthy nutrient content of food products are effective since they affect unhealthy food products more than do broad-based sales taxes such as VAT^[27]. Nutrient-based taxes are those imposed on specific nutrients (e.g. a 'fat tax', 'sugar tax' or 'salt tax') and those imposed on the basis of nutrient profiling (e.g. a tax on an energy-dense, nutrient poor food, or a subsidy for healthy foods). These taxes are now proposed and recently implemented to fight against the obesity prevalence in Australia, Denmark, Finland, France, Hungary, Mexico, Norway and USA. They are applied mainly on sugar and soft drinks, but also on fat and salt products^[27].

A review of modelling studies with various nutrient-based scenarios^[18] indicate a small but relatively positive effect on consumption of target nutrients. The review indicated that modelled taxes ranging between 5% to 40% on specific nutrients (i.e. fat, sugar, salt) could reduce consumption of saturated fat by 0-3%, sugar/sweet foods by up to 23% and sodium by 6%. However, the review also stressed that reducing saturated fat consumption through the fat tax tended to increase salt consumption and that fruit consumption tended to fall as a result of taxation on milk and cream.

Targeted nutrient taxes implemented in Europe have resulted in positive impacts on diets. In Denmark, the 'fat tax' implemented from October 2011 to 1 January 2013 and applied to meat, dairy, animal fat, oils, margarine and butter blends, as well as items containing these products, saw a reduction in saturated fat intake and increased vegetable consumption, but an increase in salt consumption for most individuals^[29]. In Hungary, a drop in sales and a decrease in consumption of foods taxed in 2011 above particular thresholds in sugar and salt, such as chocolate, salted snacks, sweets and sugar-sweetened beverages, was observed^[16]. This also led to considerable product reformulation by manufacturers. In Finland, the application of various excise taxes on sweets and ice cream since 1926 has also seen a reduction in the consumption of these foods^[18].

A recent study based on a population model of dietary-related diseases, health care costs and food price elasticities in Australia modelled the potential impact of introducing taxes on saturated fat, salt, sugar and sugar-sweetened beverages, and a subsidy on fruits and vegetables^[30]. The researchers suggested a tax of AUD 1.37 for every 100 grams of saturated fat in those foods with a saturated fat content of more than 2.3%, excluding milk; a salt tax of 30 cents for one gram of sodium above Australian maximum recommended levels; a sugar-sweetened beverage tax of 47 cents a litre; a fruit and vegetable subsidy of 14 cents for every 100 grams; and a sugar tax of 94 cents for every 100 ml in ice-cream with more than 10 grams of sugar per 100 grams; and 85 cents for every 100 grams in all other products. Their simulations found the combination of the taxes and subsidy could result in health gains across the whole population, at a net cost-saving of AUD 3.4 bn to the health sector. Their simulations indicated the sugar tax produced the biggest gains in health, followed by the salt tax, the saturated fat tax and the sugar-sweetened beverage tax.

In another recent study based on household expenditure data in New Zealand, a 20% subsidy on fruit and vegetables, combined with a 20% subsidy on major dietary sources of saturated fat and salt would generate benefits for diet and health. Their simulations also found that total population fruit and vegetable purchase would increase by 12% and 18% respectively, whilst saturated fat purchases and sodium purchases would decrease by 1% and 0.6% respectively. Taxes on major dietary sources of both saturated fat and sodium would reduce daily energy purchases by around 5% ^[31].

2b. Recommendation: Specific excise taxes on food and drinks with high sugar, fat, and salt content are likely to be more effective than applying ad valorem taxes. The implementation of these nutrient-based taxes will require a development of lists of sugar, fat, and salt content in different food brands within the targeted food categories, as well as processed foods containing these nutrients of concern in order to categorise products to different levels of tax based on their sugar, fat or salt content. These could be created by the Vanuatu Ministry of Health from nutrition labels and maintained on an annual basis. These specific excise taxes should incorporate adjustments for inflation over time to maintain their health effect.

Nutrient profiling tax on nutrient composition of foods

At the global level and across the Pacific region, governments have implemented several actions responding to the burden of non-communicable diseases via the improvement of diet quality, taking steps regarding the labelling of food products through the use of Codex Alimentarius, creating regulations for the front of package labelling, regulating food advertising in the media, and creating nutrient profiling models. Nutrient profiling has been described as a scientific method to classify foods and drinks based on their nutritional quality to promote public health and to achieve nutritional goals proposed for a target population^[32]. Nutrient profiling enables evaluation of the nutritional quality of food and can therefore be used for several purposes, including labelling systems to assist consumers in identifying healthier food products, regulating the promotion of foods to children, and being part of a regulatory system and a standardised basis for the food industry to develop products with an improved nutritional composition^[24, 33].

In developing nutrient profiles, questions that need to be considered include: whether profiles should be set for food in general and/or categories of food (i.e. 'across the board' or a system based on food categories); what should be the choice and balance of nutrients (choice between qualifying and/or disqualifying ingredients, and the respective qualifying and disqualifying constituents); what should be the choice of reference quantity/basis (can be per 100 g/100 ml, 100 kcal/100 kJ, and/or per reference quantity/serving); what should be the approach to the calculation of profiles (scoring system or a threshold system) and the feasibility and testing of a proposed system^[33]. Figure 9 provides an illustration of a simple visual model of a nutrient profiling scheme incorporating the various choices discussed.

Across European and Latin American countries where the nutrient profiling model has been used, a list of 100 to 200 foods has been generated at national level^[32] using a recommended systematic approach with the following features: choice of nutrients (e.g. total fat, sodium, saturated fat, sugars, energy); nutrients eaten at lower than recommended intake (e.g. fibre, calcium, iron, vitamin C, vitamin A, protein); choice of base (e.g. per serving, per 100 g or per 100 kcal/kJ); choice of model type (e.g. 'across the board' or a 'food category' approach) and choice of thresholds or scoring criteria (sometimes based on public health recommendations, or guided by national food-based dietary guidelines or some other pragmatic reasoning)^[34].

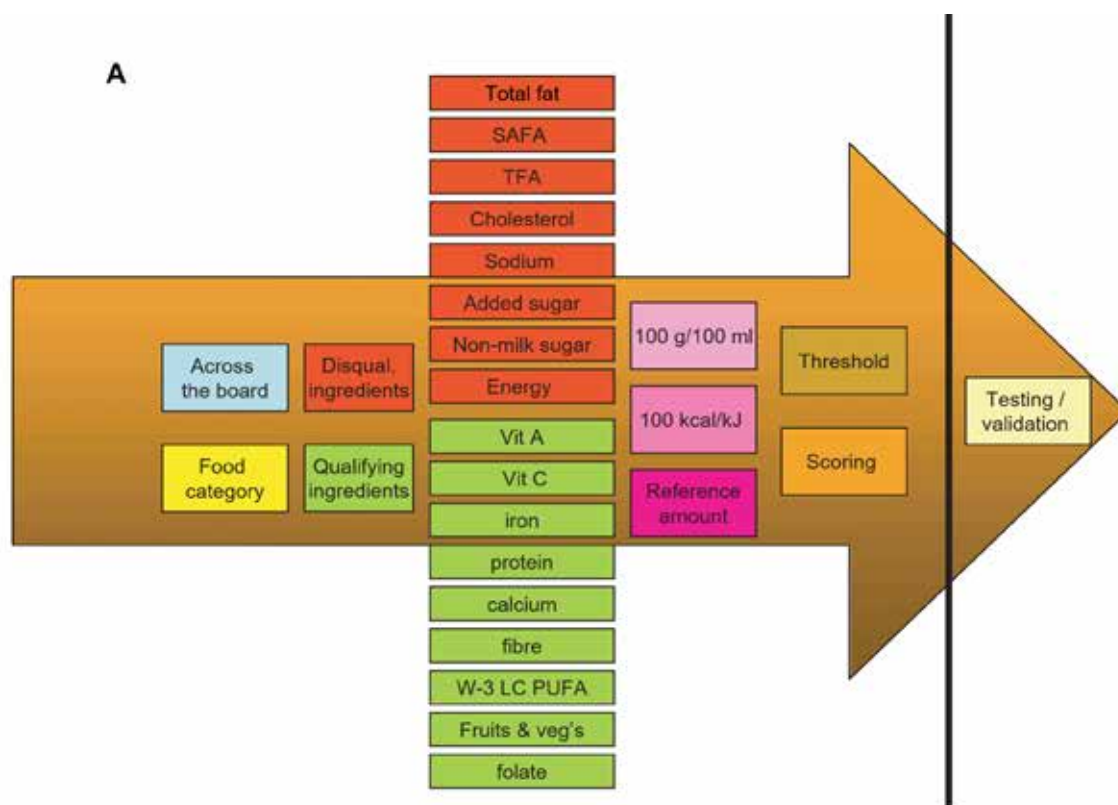


Figure 9: A simple visual model of a nutrient profiling scheme^[33]

The purpose of the nutrient profiling model is to provide clear criteria to identify food and beverage products high in fat, salt or sugar that contribute to NCD risk, which can then be used as a basis to develop more targeted policy measures to effectively reduce the consumption of discretionary foods high in these nutrients of concern. Vanuatu should consider the development of a nutrient profiling model, although this will be somewhat limited by the requirements for labelling in Vanuatu. As outlined in Table 7, Vanuatu's Food Control Regulation (no 37 of 2007) requires that food labels of pre-packaged food include nutrient content labelling but does not specify what nutrient contents (energy, protein, fat, carbohydrate, sugar or saturated fat content) should be declared on food labels in accordance with food composition. Further to this, the regulation only requires that food labels identify the net contents in food in metric units by volume and/or weight but does not require that information on energy value be expressed in kcal per 100 g or per 100 ml or per package or that information on nutrient contents be expressed per 100 g or per 100 ml or per package.

2c. Recommendation: Vanuatu should amend its Food Control Regulation specifying requirements on nutrient content labelling. Vanuatu should develop a specific nutrient profiling model that is category specific and threshold-based to provide an appropriate indication of the healthiness of foods, via which specific policies aiming to reduce diet-related NCD risk can address and guide the recommendations for taxation on foods not meeting the nutrient profiling criteria. As the first step in this process, Vanuatu should identify food categories for the model, based on the WHO nutrient profiling model^[1] and informed by Pacific dietary patterns. A nutrient profiling model relevant to diet-related NCD prevention should address energy, sugar, sodium, fat, saturated fat and trans fatty acid, while promoting consumption of fish, fruit, vegetables, nuts and legumes.

Adequate tax rate

There is strong evidence from both country experience and simulation modelling that significant taxes of up to 50% or 100% on discretionary foods would have a meaningful impact on consumption and health^[24]. A recent study based on modelled data of discretionary foods from Fiji estimated that a tax increase of 20% would reduce calories by 2–4%, fat by 5–7% and salt by 4–6%, while a 50% increase would reduce calories by 5–10%, fat by 7–11% and salt by 9–14%^[24]. The study also found that fiscal policy interventions on discretionary foods are unlikely to have a negative financial impact on household spending. Several considerations must be taken into account in deciding adequate tax rates for discretionary foods, including impact, price elasticity and feasibility.

2d. Recommendation: A higher tax level is likely to have a greater impact on the consumption of discretionary foods and a more meaningful impact on health. Following the development of a nutrient profile model, a study modelling the estimated impact of a tax on discretionary foods at 20%, 50% and 100% should be undertaken on consumption, health, revenue and household expenditure. This would better guide the tax rate that is deemed adequate and appropriate for the influx of discretionary foods imported and consumed in Vanuatu.

Investing revenue to support complementary policy measures

There is opportunity to utilise part of the revenue generated by taxation on complementary measures targeting taxed discretionary foods. Combining this policy action with taxation itself could significantly increase the effect of taxation on diets and health. As per the recommendations in 2b and 2c to establish nutrient targets for salt, fat and sugar in processed foods based on nutrient profiling, revenue generated from taxation could provide additional incentives for reformulation and also improve the nutrient composition of core foods and composite foods not affected by taxes. Two other areas in which revenue could be strategically invested are described below.

- Increasing social marketing and school-based campaigns that promote healthier food alternatives and de-normalising the consumption of discretionary foods. Empowering the individual to make informed choices by: (i) providing targeted mass and social media campaigns that educate the public about the excessive intake of fats, in particular saturated and trans fats, sugars and salt; (ii) promoting the intake of fruits and vegetables, as well as healthy and balanced sustainable diets; and (iii) reducing sedentary behaviour could improve the health of the individual.
- Channelling revenue for stakeholder-wide consultations on the development of national legislation to regulate the marketing of foods and beverages to children. This should not only restrict aspects of advertising, marketing and sponsorship but could also include a broader regulation that limits the marketing of discretionary foods that do not meet the nutrient profiling criteria once they are developed.

3. Recommendation: Government to commit to allocating a portion of tax revenue to support complementary policy measures. To further reduce the exposure of children to the marketing of foods and beverages high in fats, sugars or salt, and reduce the impact of them on children, national legislation regulating the marketing of foods and beverages to children and also restricting the marketing of discretionary foods should be developed and endorsed.

Affordable healthier alternatives

A significant barrier to accessing healthy food in Vanuatu is cost. Analysis of Vanuatu's 2010 Household Income and Expenditure Survey found that for a household to meet their minimum food and nutrition needs it would cost VUV 261, which is higher than the Vanuatu poverty line of VUV 168. Another study found that most people cannot afford the recommended intake of non-starchy fruit and vegetables. Many of the factors that influence food availability and accessibility are outside the jurisdiction of the health sector^[35].

- 4. Recommendation:** Government to commit to measures that target healthy food affordability and availability. In particular, subsidies to increase the affordability of staple root crops, fruits and vegetables and subsidies/technical support to increase the use of healthy inputs – and reduce unhealthy components – in processed food manufacturing need to be explored and financed. Revenue raised by the taxation of discretionary foods could provide support for implementation of these measures.

Enforcement, monitoring and evaluation

Enforcement challenges remain with Vanuatu's current trade and food legislation policies as outlined in Table 7. Further to this, the Ministry of Health has identified the weak enforcement of Vanuatu's Food Control Act and Food Control Regulation at the Vanuatu border as a major hindrance to regulating the influx of food imports high in fat, salt and sugar into Vanuatu. The absence of threshold/maximum levels for these nutrients, and the fact that these are not required and stipulated in the above food legislation, will continue to make border regulations on foods high in these nutrients a challenge. Discussions around enforcement remain undeveloped and in future it may be helpful to start conversations focusing on the specific measures of enforcement activity required at the border, identifying resources for enforcement and those that will carry out enforcement activities, ensuring that evidence of monitoring laws and legislation is available, and ensuring that breaches of legal obligations are prosecuted.

A system to effectively monitor and evaluate the degree of policy implementation for the policies outlined in Table 7 is largely lacking and this needs to be improved. For any policy, monitoring and evaluation should include:

- compliance with the policy;
- a change in the purchase and consumption of food and drink in the population, including products subject to restrictions and those that are not;
- the use of other mediums not targeted by the policy; and
- the impact on ni-Vanuatu businesses or target groups.

- 5. Recommendation:** Enforcement and compliance standards need to be strengthened. The monitoring component of standards in current food and trade legislation policies and monitoring capacity also needs strengthening.

To ensure the engagement of priority agencies in regulating the food environment, the Ministry of Health's health information system should be part of the Electronic Single Windows Systems project. This would also enable information sharing of NCD-related data with the Ministry of External Trade and other government agencies.

Conclusion

With the growing NCD crisis in Vanuatu, increased government commitment is needed to improve the policy response to unhealthy diets. Policy coherence is needed to ensure maximum impact. There is a high level of support globally for the use of fiscal policy measures to regulate the influx of foods high in fat, salt and sugar. For any fiscal tax implementation, potential health effects should be estimated before implementation of tax, and real health and consumption effects measured and documented after it. These would include the measuring of potential and adverse substitution effects. A clear public health rationale should also be the basis of any of these implementations. There must also be clear definitions on what food products will need to be taxed and the standards for these (i.e. will this be based on nutrient content, energy density criteria, etc.).

In Vanuatu, the lack of standards or criteria for determining what foods exactly to tax is a challenge. The development of a nutrient profile model is therefore critical in providing a tool that can guide Vanuatu in the implementation of fiscal policies. While the development of a nutrient profile model requires substantial resources, it would greatly assist Vanuatu in deciding which foods to include or exclude from taxation and would ensure more targeted tax policies for discretionary foods. As an alternative to a nutrient profiling model, Vanuatu could consider developing lists for specific categories of food products high in saturated fats, trans fatty acids, and free sugars or salt and apply targeted-based taxes for these. Vanuatu's existing dietary guidelines, as well as definitions set by scientific bodies or nutrient profile models, should guide the selection of these specific categories of food products and the development of these lists for taxation. Careful policy design, enforcement and ongoing monitoring of policy impacts will have a greater impact on reducing the consumption of unhealthy foods high in fat, salt and sugar and improve the likelihood of measurable health benefits.

Annex 1: Tariff rates for selected less healthy focus foods

Table 3: Tariff rates for less healthy focus foods

Less healthy focus food	2008	2009	2010	2011	2012		2013		2014		2015		2016	
	Applied	Applied	Applied	Applied	Applied	Bound	Applied	Bound	Applied	Bound	Applied	Bound	Applied	Bound
Palm oil	10%	10%	10%	10%	10%	40%	10%	40%	10%	40%	10%	40%	10%	40%
Corn oil	10%	10%	10%	10%	10%	40%	10%	40%	10%	40%	10%	40%	10%	40%
Hydrogenated fats, lard, dripping, TINCOL etc.	10%	10%	10%	10%	10%	40%	10%	40%	10%	40%	10%	40%	10%	40%
Margarine	10%	10%	10%	10%	10%	30%	10%	30%	10%	30%	10%	30%	10%	30%
Butter	15%	15%	15%	15%	15%	30%	15%	30%	15%	30%	15%	30%	15%	30%
Peanut butter	20%	20%	20%	20%	10%		10%		10%		10%		10%	
Sausage	20%	20%	20%	20%	20%	40%	20%	40%	20%	40%	20%	40%	20%	40%
Ham, bacon, salami, jerky, cold cuts, chicken nuggets	20% Chicken: 30%	20% Chicken: 30%	20% Chicken: 30%	20% Chicken: 30%	30% Chicken: 30%	40% Chicken: 55%	30% Chicken: 30%	40% Chicken: 55%	30% Chicken: 30%	40% Chicken: 55%	30% Chicken: 30%	40% Chicken: 55%	30% Chicken: 30%	40% Chicken: 55%
Canned fish	20% Sardine: 20%	20% Sardine: 20%	20% Sardine: 20%	20% Sardine: 30%	20% Sardine: 30%	40% Sardine: 30%	20% Sardine: 30%	20% Sardine: 30%	20% Sardine: 30%	20% Sardine: 30%	20% Sardine: 30%	20% Sardine: 30%	20% Sardine: 30%	20% Sardine: 30%
Canned meat	20%	20%	20%	20%	20%	40%	20%	40%	20%	40%	20%	40%	20%	40%
Processed cheese	15%	15%	15%	15%	15%	30%	15%	30%	15%	30%	15%	30%	15%	30%
Fruit based/flavoured yoghurt	30%	30%	30%	30%	15%	40%	15%	40%	15%	40%	15%	40%	15%	40%
Ice-cream and edible ices	30%	30%	30%	30%	30%	65%	30%	65%	30%	65%	30%	65%	30%	65%
Cordial/Juices	20%	20%	20%	20%	20%	65%	20%	65%	20%	65%	20%	65%	20%	65%
Soft drinks	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%
Electrolyte/Sports drinks	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%

Less healthy focus food	2008	2009	2010	2011	2012		2013		2014		2015	2016	
	Applied	Applied	Applied	Applied	Applied	Bound	Applied	Bound	Applied	Bound	Applied	Applied	Bound
Sugar & other caloric sweeteners	10%	10%	10%	10%	10%	40%	10%	40%	10%	40%	10%	10%	40%
Crisps & snacks	20%	20%	20%	20%	20%	40%	20%	40%	20%	40%	20%	20%	40%
Noodles	10%	10%	10%	10%	10%	40%	10%	40%	10%	40%	10%	10%	40%
Confectionary	10%	10%	10%	10%	10%	40%	10%	40%	10%	40%	10%	10%	40%
Sweet biscuits	10%	10%	10%	10%	10%	40%	10%	40%	10%	40%	10%	10%	40%

Cont'd: Table 3

Less healthy focus food	2017		2018		2019	
	Applied	Bound	Applied	Bound	Applied	Bound
Palm oil	10%	40%	10%	40%	10%	40%
Corn oil	10%	40%	10%	40%	10%	40%
Hydrogenated fats, lard, dripping, TINCOL etc.	10%	40%	10%	40%	10%	40%
Margarine	0%	30%	0%	30%	0%	30%
Butter	15%	30%	15%	30%	15%	30%
Peanut butter	20%		20%		20%	
Sausage	20%	40%	20%	40%	20%	40%
Ham, bacon, salami, jerky, cold cuts, chicken nuggets	30% Chicken: 30%	40% Chicken: 55%	30% Chicken: 30%	40% Chicken: 55%	30% Chicken: 30%	40% Chicken: 55%
Canned fish	20% Sardine: 30%	40% Sardine: 30%	20% Sardine: 30%	20% Sardine: 30%	20% Sardine: 30%	20% Sardine: 30%
Canned meat	20%	40%	20%	40%	20%	40%
Processed cheese	15%	30%	15%	30%	15%	30%
Fruit based/flavoured yoghurt	15%	40%	15%	40%	15%	40%
Ice-cream and edible ices	30%	65%	30%	65%	30%	65%
Cordial/Juices	20%	65%	20%	65%	20%	65%
Soft drinks	75%	75%	75%	75%	75%	75%
Electrolyte/Sports drinks	75%	75%	75%	75%	75%	75%
Sugar & other caloric sweeteners	10%	40%	10%	40%	10%	40%
Crips & snacks	20%	40%	20%	40%	20%	40%
Noodles	10%	40%	10%	40%	10%	40%
Confectionary	10%	40%	10%	40%	10%	40%
Sweet biscuits	10%	40%	10%	40%	10%	40%

Annex 2: Tariff rates for selected healthy focus foods

Table 4: Tariff rates for healthy focus foods

Healthy Focus Food	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
	Applied	Applied	Applied	Applied	Applied	Applied	Applied	Applied	Applied	Applied	Applied	Applied
Citrus	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%
Fresh apples	30%	30%	30%	30%	30%	30%	30%	30%	30%	15%	15%	15%
Fresh grapes	30%	30%	30%	30%	30%	30%	30%	30%	30%	15%	15%	15%
Fresh tomatoes	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%
Garlic	30%	30%	30%	30%	30%	30%	30%	30%	30%	5%	5%	5%
Onions	30%	30%	30%	30%	30%	30%	30%	30%	30%	5%	5%	5%
Leeks and other allieaceous vegetables	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%
Cauliflowers and broccoli	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%
Other cabbages and cauliflowers	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%
Cabbage lettuce	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%
Other lettuce, other vegetables	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%
Carrots and turnips	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%
Potatoes	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%
Celery	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%
Dried leguminous vegetables, split lentils, chickpeas and kidney beans	30%	30%	30%	30%	30%	30%	30%	30%	30%	15%	15%	15%
Rice (brown or white)	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Rolled oats or oatmeal	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Healthy breakfast cereals	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%

N.B. Bound tariff data for each food category were not provided so applied tariff rates only are reflected in this table.

Annex 3: Transnational corporations engaged in the food and beverage sector operating in Vanuatu in 2019

Table 5: Transnational corporations engaged in the food and beverage sector operating in Vanuatu in 2019

*F&B – Food & Beverage Service

*N/A – Not Available

Parent country	TFC	Type of business	Trade activity	Year of investment	Total actual investment (MVT)
Japan	Santo Meat Packers Limited	Abattoir and meat packing	F&B	1999	0
France	Vanuatu Beverage Ltd	Manufacturing of drinks, retail of finished products, produced at the beverage factory, wholesale and retail of beverages	F&B	1998	894,000,000
JV Local	Wong Bakery	Bakery	F&B	2000	110,000,000
Australia	Tanna Coffee Development Company Ltd	Coffee processing, packaging, wholesale/retail, management services & consultants (consultancy for agriculture development and associated services)	F&B	2001	190,784,000
Japan	Fuji Company Limited	Food processing, restaurant, bar	F&B	2002	24,000,000
Japan	Fuji Company Limited	Food processing, restaurant, bar	F&B	2002	24,000,000
New Zealand	Daming Store	Bakery and confectionaries, import and re-export, retail and wholesale (main shop), retail and wholesale (branch), butchery, restaurant	F&B Imports Re-exports	2004	300,000,000
Australia	Vanuatu Virgin Coconut Oil Ltd	Coconut processing, import, retail & export exempted	Imports	2004	391,000,000
China	Vanuatu Palm Oil Limited	Oil processing, packaging, agriculture, export exempted	F&B Export	2005	53,000,000
China	China Cake Shop	Production of cake, retail	F&B	2005	70,000,000
Australia	Azure Pure Water Limited	Water distillation, production & bottling of juice, wholesale/retail of water and soft drinks	F&B	2006	177,000,000
Australia	Pechans Continental Small Goods	Production of meat loaf, sausages & small goods, wholesale/retail of above goods only	F&B	2007	7,500,000

Parent country	TFC	Type of business	Trade activity	Year of investment	Total actual investment (MVT)
France	Vanuatu Organics Limited	Manufacturing & processing of agriculture products, retail of processing items, storage & processing items, agriculture farming, management services & consultants (agriculture, fisheries, production, processing, value addition & marketing) Export of finished products-exempted	Agricultural Processing	2007	0
United Kingdom	Nuts N' Oils Vanuatu	Manufacturing of oil, production of stockfeed, wholesale/retail of oil, management services	Retail Production	2008	15,000,000
France	Vanuatu Brewing Limited	Manufacturing, retailer, retail of beers, beverage & liquor, bar, café, restaurant	F&B	2008	307,700,000
JV Other	Victoria Café	Bakery, import, wholesale/retail, restaurant, café, bar	F&B	2008	3,500,000
China	SinoVan Fisheries Limited	Fish processing, imports, wholesale/retail, fishing export-exempt	F&B Imports	2008	10,380,000
Australia	Coconut Oil Production Santo Limited	Production of coconut oil mill and export of coconut oil and copra meal	Exports	2009	522,092,566
Australia	Nambawan Brewing Company Limited	Breweries, distilleries, retail/wholesale	F&B	2010	17,000,000
China	Vanuatu Noni Life Technology Limited	Distilleries (soap cleaning, preparation/beverages), business that imports and re-export goods without transforming them, wholesale and retail of noni products (specialty shop) / export-exempted	F&B Imports Re-exports	2011	165,000,000
Australia	South Pacific Botanicals Limited	Manufacturing of oil and other related products	Production	2011	2,435,793
China	South Pacific Agriculture Group Limited	Manufacture of seafood products, farming of seafood, export	Exports F&B	2011	0
France	Vanuatu International Food Market	Manufacture of food products and export	F&B Exports	2011	2,500,000
Australia	Operations Limited (Pure Spirit Limited)	Distilleries	F&B	2011	5,624,838
JV Local	Global Fresh Limited	Meat production, commercial construction	F&B Construction	2012	13,318,472
Australia	Pacific Provender Limited	Distilleries, oil mill, manufacture of perfume and food oil, agriculture organic consultant, planters	F&B Agricultural Processing	2013	20,200,000

Parent country	TFC	Type of business	Trade activity	Year of investment	Total actual investment (MVT)
New Zealand	Pacific Aluminium Fabrications and Glass Limited	Bakery, restaurants, café, bar	F&B	2013	60,100,000
Israel	Attar Café and Bakery	Bakery, restaurants, café,	F&B	2013	27,500,000
New Zealand	Tanna Farms	Manufacture of food products (Tafea), oil mill, agriculture (Tafea), manufacture of soap and cleaning preparations (Port Vila), manufacture of coconut oil (Port Vila), export	F&B Agricultural Production and Processing Exports	2014	20,600,000
France	Le Fournil De Vila	Bakeries and confectioneries, restaurants	F&B	2014	28,950,000
China	Nature Company Limited	Manufacturing and bottling of liquor and spirits, manufacture of noni juice, retail & wholesale of metal pattern gates, beds, fencing, bolt, building frames	F&B Construction	2014	106,000,000
France	Vanuatu Delicious Paris	Manufacturing of food products and preservation and tour agent	F&B	2014	7,000,000
Australia	Torba Trading Co Limited	Production of coconut oil, export	Exports	2014	9,000,000
France	Aelan chocolate Makers Limited	Manufacture of chocolate products	F&B	2014	3,000,000
Australia	Plantation Paradise Limited	Processing of coconut oil, copra plantation, cocoa plantation, cattle farmers	Agricultural Processing	2014	45,000,000
France	Agri - Santo	Manufacture of coconut oil, export	Exports	2014	4,000,000
China	Brother	Manufacture of food products, retail, restaurant, café, take- away	F&B	2014	60,000,000
China	Golden Palm	Manufacture of food products, bakeries, confectioneries, manufacture of all beverages excluding alcoholic drinks, import, hardware, retail of vehicles spare parts, holiday homes, cafe, commercial building constructions	F&B Construction	2014	0
Australia	Aore Island Coffee	Processing cocoa, coffee and coconut oil, modern bungalows, restaurant, café, coconut and coffee plantation	F&B	2015	42,000,000
British	Pacific Rim (Vanuatu) Limited	Oil mill, manufacture of coconut water, manufacture of animal feed, export	Agricultural Production and Processing	2015	16,200,000
JV Other	The Distillery Company Limited	Distillery of rum and liquor, wholesale and retail of liquor - export	F&B	2016	25,100,000

Parent country	TFC	Type of business	Trade activity	Year of investment	Total actual investment (MVT)
China	Sky Rock International Investment Limited	Bakeries and confectioneries, wholesale and retail, boutique (specialty shop), hotel, restaurant, bar, cattle farming	F&B	2017	N/A
China	Pacific Islands Economic Developments	Palm oil mill, sawmill, coconut shell carbon productions and wholesale and retail services	Agricultural Production and Processing	2017	N/A
JV Local	Paradise Spring Water Limited	Manufacture of plastic water bottle and manufacturing of natural spring water & other non-alcoholic beverages	F&B	2017	N/A
JV Other	Island Distillery Limited	Manufacture of local food products, ship builders and repairs, manufacture of oil milk, business that imports and re-exports goods without transforming them, poultry farming and piggery farming	F&B Construction Agricultural Processing	2017	N/A
Joint Venture Local	Diam Thomas Trading Co Limited	Processing of powdered kava for export, export of powdered kava	Exports	2017	17,270,000
Joint Venture Other	Pacific Pride Limited	Copra production, training and upskilling local copra producers to produce quality copra, copra export and local purchase of copra	Agricultural capacity building	2018	N/A
New Zealand	Evco Pacific Vanuatu Ltd	Coconut oil mill, manufacture of food product	F&B Agriculture	2018	N/A
Joint Venture Local	Shefa Bakery Limited	Bakery, café, take-away services	F&B	2018	0

Annex 4: Domestic industries engaged in the food and beverage sector operating in Vanuatu in 2019

Table 6: Domestic industries engaged in the food and beverage sector operating in Vanuatu in 2019

*N/A – Not Available

Business Name	Products	Year of registration	Market	Location
Switi	Ice cream, yoghurts	2015	100% domestic	Urban
Cake Fantasy	Celebration cakes and associated goods	2015	100% domestic	Urban
ACTIV	Chocolate, chocolate nib, cocoa powder, cocoa butter	2014	80% domestic, 20% export	Urban
Boucheri Traverso	Meat	2014		Urban
Azure Pure Water	Bottled water	2015	100% domestic	Urban
Chiko Farm Products Ltd	Chicken meat, egg products, chicken feed production	2015	100% domestic	Rural
Vanuatu Beverage	Orchy (orange, mango, passionapple, pine orange), cordials, prima cordial, mix cordial, Vanuatu water, alcohol, slushy with 8% alcohol, imported liquors	2015	95% domestic 5% export	Urban
Nambawan Brewing Company Ltd	Beer, cider, spirits, soft drinks, alcoholic drinks, water	2016	99% domestic 1% export	Urban
Vanuatu Direct	Honey, island foods, spicy carmibal sauce, health shot papaya and kava, dried fruits and nuts, nut butters, fruit juices, frozen delights, processed meat items	2014	20% domestic 80% export	Rural
Vanuatu Abattoirs Ltd	Chilled and frozen boneless beef, beef by-products	2015	30% domestic 70% export	Rural
At Your Service Catering	Meat pies, sausage rolls	2015	100% domestic	N/A
Pechans Continental Small Goods	Sausages, smoked fish, pate, smoked beef, smoked chicken	N/A	100% domestic	N/A
Pepe's Farm	Fresh poultry	N/A	100% domestic	N/A
T/Mel Butchery (Tina's)	Sausages, bacon, fresh meat product	2015	100% domestic	Urban
South Pacific Meat Supplies Ltd	Meat products	2015	100% domestic	N/A
Pure Spirits Ltd	Spirits, liquors	2015	100% domestic	Urban
Vanuatu Brewing Ltd	Tusker beer, Vanuatu bitter,	2015	99% domestic 1% export	Urban

Elcress Agra Products Ltd	Meat, cooking oil	2015	100% domestic	N/A
Kandy's Kitchen Creations	Chocolate sauce, chai tea syrup, tomato sauce, pawpaw chutney, cucumber pickle, fruit paste, muesli, mango chutney, chill and garlic, chill jam and chilli paste	2015	100% domestic	N/A
F.P.F. Company Limited trading as Tanna Water	Mineral water, food products, beverage	2015	50% domestic 50% export	N/A
Wong Sze Sing	Corned beef, canned curry beef, canned curry chicken, beef & taro, chicken & taro	2015	100% domestic	Rural (Santo)
Vanuatu's Own	Red Bull's vodka, Karl's fine whiskey, Sanny Bel top dry gin	2016	N/A	Rural
Lapita Cafe	Food processing, taro chips, banana chips, manioc chips, manioc flour, chutney, chilli tomato sauce, choko relish	2015	N/A	Urban
Mahesh Oil Industries	Processing peanut oil		Export	Rural (Santo)
Eco Fresh Ltd	Jam	2017	N/A	N/A
CLCHEMSULT	Local fruit wines, distilled spirits,	2018	N/A	N/A
Tanna Island Direct Trade Coffee Exporters	Dry green bean coffee	2018	Domestic and export	N/A
Bruns Services	Frozen taro, frozen manioc, frozen yam, frozen coco yam, manioc leaf, taro leaf, choco bean	2019	Export	N/A
Sino-Van Fisheries	Frozen tuna, frozen bycatch	2019	Domestic and export	N/A
French Bakery Limited	Bakery, pastry, take-away services	2019	Domestic	N/A
Global Organic Products Distributor	Dried spices, dry vegetables, dry fruits	2019	Domestic and export	N/A
Vanuatu Organic FOOD Limited	Manioc flour	2019	Export	N/A

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