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Report Name: Concept of a Meat Tax Under Discussion in the Netherlands

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Report Highlights:

In an evaluation of Dutch food policy published on March 29, 2022, Minister of Agriculture, Nature and Food Quality, Henk Staghouwer, proposed to explore the possibilities of introducing a meat tax in the Netherlands. However, in subsequent discussions, Minister Staghouwer left the impression that a meat tax was not certain. On May 10, 2022, a motion of 12 political parties (including two government coalition parties) was put forward, petitioning to refrain from implementing a Dutch meat tax. With this motion proving influential in the second chamber of Dutch parliament (but not legally binding), the future of a Dutch meat tax remains unclear at this time.

Background

The Dutch government has been facing several challenges with regard to agriculture. In the environmental realm, the Netherlands is focused on reducing nitrogen greenhouse gas (GHG) emissions, as well as its nitrate emissions. To combat this, several strategies have been put forward. One of those is the Nitrate Action Program, currently undergoing its seventh revision.¹ Additionally, the Netherlands installed a Minister of Nitrogen and Nature Policy, Ms. Christianne van der Wal,² to address the country's nitrogen challenges and who recently released a plan to combat certain GHG emissions in rural areas.³

In addition, the government is discussing the pros and cons of imposing health taxes – with the proposal of a meat tax brought forward in March 2022 by the Dutch Minister of Agriculture, Nature and Food Quality, Henk Staghouwer. The tax proposal seems to address both health-related and environment-related goals. Proposals for health taxes are not entirely new; they have been brought forward under previous Dutch governments as well.⁴

Considering a Dutch Meat Tax

In an evaluation of Dutch food policy published on March 29, 2022,⁵ Minister Staghouwer proposed to explore the possibilities of introducing a meat tax in the Netherlands:

“Through price signals, the government also has the option to provide incentives towards more sustainable and healthier choices, without restricting people's freedom. I will therefore investigate how a levy on meat, in combination with backchannelling to the production sector, can be implemented, paying attention to the feasibility of such a measure.”

This investigation was not included in the 2021 coalition agreement of the new Dutch government.⁶ Minister Staghouwer explained the underlying motivation for his proposal as follows:

“The joint goal of the Ministry of Agriculture, Nature and Food Quality and the Ministry of Public Health, Welfare and Sport, is that more people follow national dietary guidelines. Part of this goal is to achieve a shift in the ratio of consumed animal and vegetable proteins: from the current 60/40 ratio to 50/50 by 2030. This is an ambitious goal: it requires a behavioral change in eating patterns across the entire population. This ratio is in line with the Dutch Nutrition Center's

¹ See, e.g., <https://leap.unep.org/countries/nl/national-legislation/sixth-dutch-action-program-concerning-nitrates-directive-2018>

² See [NL2022-0001: Netherlands: New Dutch Minister of Agriculture and Minister for Nature and Nitrogen Policy installed](#) for more information.

³ See [NL2022-0035: Government Presents National Program to Reduce Nitrogen Greenhouse Gas Emissions in Rural Areas](#).

⁴ See e.g., <https://www.rijksoverheid.nl/documenten/kamerstukken/2020/05/18/fichebundel-beleidsopties-bouwstenen-voor-een-beter-belastingstelsel>

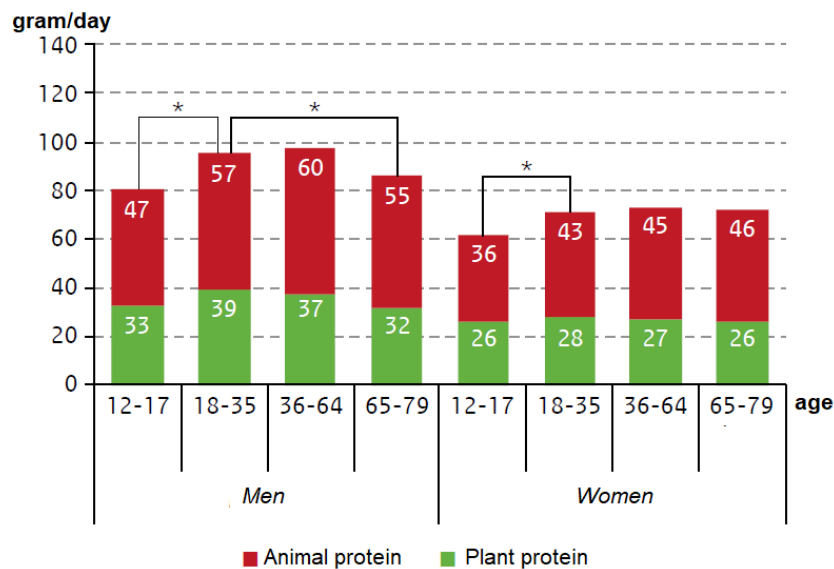
⁵ <https://www.rijksoverheid.nl/ministeries/ministerie-van-landbouw-natuur-en-voedselkwaliteit/documenten/kamerstukken/2022/03/29/evaluatie-voedselagenda-2016-2020-en-het-voedselbeleid>, p. 2

⁶ See [NL2021-0034: New Government Coalition Accord Reached in the Netherlands](#).

“Wheel of Five,”⁷ which focuses on both health and sustainability. A shift would also result in a reduction in GHG emissions of 10-15 percent {NOTE: not only for the Netherlands, but also across borders} and thus contributes to agreements in the Dutch Climate Agreement.”

According to the National Institute for Public Health and the Environment (more commonly known as the RIVM), Dutch eating patterns show a 60/40 consumption ratio for animal protein/plant protein for 36–64-year-old men. These statistics differ by age group and between men and women. See Figure 1 below. On a daily basis, Dutch men consume 117 grams of meat, and women consume 82 grams.⁸

Figure 1. Consumption Ratio of Animal vs. Plant Protein by the Dutch Population



Average consumption of animal and plant protein by the Dutch population aged 12-79 years (n=2847; source: VCP 2012-2016)

*= significant difference with 18-35 year olds

Source: Adapted from <https://www.rivm.nl/documenten/factsheet-consumptie-van-vlees-in-nederland>

Almost immediately after the idea of a meat tax was floated, government coalition political parties objected and raised questions, including about the future affordability of food.⁹ Meat industry associations also expressed their unease with the plan, due to concerns about its executability and with points raised about the actual impact of the plan on society and the environment.¹⁰ In a subsequent interview, Minister Staghower explained that he had been misunderstood by the media, and emphasized that his plans were meant to spur research into agricultural income enhancement, leaving the impression that a meat tax was not certain:

⁷ The “Wheel of Five” is a pictorial of Dutch national dietary guidelines, shaped like a pie chart, dividing the recommended foods in five categories (drinks; vegetables and fruit; bread, grain products and potatoes; dairy, nuts, fish, legumes, meat, and egg; spreading and cooking fats), hence the name “Wheel of five”. For more information, see <http://voedingscentrum.nl/nl/gezond-eten-met-de-schijf-van-vijf/wat-staat-er-in-de-vakken-van-de-schijf-van-vijf.aspx>

⁸ https://www.rivm.nl/documenten/factsheet-consumptie-van-vlees-in-nederland?utm_source=Spike&utm_medium=email&utm_campaign=Nieuwsbrief+Voeding

⁹ https://www.tweedekamer.nl/kamerstukken/plenaire_verslagen/detail/2021-2022/74

¹⁰ <https://www.cov.nl/nieuws/cov-nieuws/nieuwsbericht?newsitemid=7133822976>

“There will be research into income improvement for sustainably producing farmers. Perhaps its conclusion will be that price regulation is not workable. We have to be careful anyway, since the current inflation rate is 12 percent; everything is getting more expensive, and this is not a good moment to raise prices.”¹¹

Previous Discussions of a Meat Tax

A meat tax has been the subject of government discussions on several previous occasions,^{12/13} with initial discussions going back as far as 2010.¹⁴ A report in May 2020,¹⁵ for instance, explored the possibilities of a tax on keeping animals in production, a tax on the slaughter of animals,¹⁶ and a tax on meat. However, this proposal found no practical application from the then-ruling Dutch government. The report, nonetheless, could provide insights into what was envisaged by Minister Staghouver.

The first idea presented was to tax meat with the *general Value Added Tax (VAT)* of 21 percent, and not with the current low VAT rate (of 9 percent). This would, however, require a change to the law,¹⁷ as it is a rule that all foodstuffs and drinks fall under the low VAT rate. Such a change to the law might, in turn, conflict with the long-standing Dutch principle of fiscal neutrality. The principle prescribes those similar goods within similar economic activities should be subject to similar tax rates. For example, levying a higher tax on a cow-derived hamburger rather than on a vegetarian hamburger, could potentially be a violation of the fiscal neutrality principle as taxes for “similar” products may no longer be equivalent.

The second idea presented was the implementation of an *excise duty* on meat. The consumer would pay this tax directly to the retailer. The drawback of this proposal, however, is related to the difficulties in the Dutch Customs and Tax Services executing such a program, and, additionally, it is uncertain if it is the most proportionate measure that the government can take.

Both for a higher VAT rate or the imposition of an excise duty, more hurdles were raised:

- **Actual impact on consumption:** it has been debated whether a tax on meat substantially changes consumption patterns (the same discussion exists for a possible tax reduction on vegetables and fruit). This, in large, depends on whether retailers are willing to pass a tax on to their consumers. Since that is not obligatory, actual meat prices might not increase, even when a tax is implemented.
- **Extent of impact on consumption:** if a tax is passed on to consumers, the demand for meat depends on its price elasticity. It is unclear what the Dutch price elasticity of meat actually is. Research shows it is -0.34 in the United States, and this number is used by the Netherlands

¹¹ <https://www.ewmagazine.nl/nederland/achtergrond/2022/04/minister-staghouver-noemt-plan-vleestaks-allemaal-onzin-879786/>

¹² <http://www.rivm.nl/publicaties/wat-ligt-er-op-ons-bord-veilig-gezond-en-duurzaam-eten-in-nederland>, p. 78

¹³ <https://www.destentor.nl/opinie/een-eerlijke-prijs-voor-vlees-dat-is-pure-milieuwinst~a5303729/>

¹⁴ <https://www.tweedekamer.nl/kamerstukken/detail?id=2010D17436&did=2010D17436>, p. 125-126

¹⁵ <https://www.tweedekamer.nl/kamerstukken/moties/detail?id=2020Z08891&did=2020D19038>, report “Gezondheidsgerelateerde belastingen”.

¹⁶ <https://www.internetconsultatie.nl/slachttaks>

¹⁷ of the Dutch Turnover Tax Act 1968, <https://wetten.overheid.nl/BWBR0002629/2022-01-01>

Environmental Assessment Agency (known by its Dutch acronym, PBL).¹⁸ Other Dutch publications estimate -1 for the Netherlands.¹⁹ The report illustrates that calculating a price elasticity of -0.34 and applying a VAT of 21 percent²⁰, Dutch demand for meat would decrease by 4 to 5 percent.²¹

- Beneficial effects on the environment: these cannot be predicted. A VAT rate is applied nationally, and since the Netherlands exports a large share of its meat abroad, a higher applicable VAT rate might not impact meat demand and, in turn, meat production in the Netherlands.
- VAT is not a suitable instrument to influence consumer choice: VAT is primarily seen as an instrument to generate revenue for the State treasury, not to generate internal or external effects.
- Workload of the Dutch Tax and Custom Services: Implementation of a meat tax would substantially increase workload: for both surveillance, enforcement, and administration.

Meat Tax to Address Sustainability Issues

Part of the government's concern is that the price of meat does not reflect the impact on the environment, and its pricing should reflect the environmental impact incurred by the production of meat. According to research, if such factors would be counted in the price of meat, the surcharges on meat would be €2.00 for chicken, €4.50 for pork, and €5.70 for beef.²²

Given the questions, the 2020 report was followed by a 2021 report about the "real pricing of meat".²³ This report further explored the effects of meat taxes to be paid by Dutch consumers. It mentions the role of "levying and return" -- the idea of 'levying' a tax to later be 'returned' to farmers who want to make their production more sustainable. This is also the mechanism that Minister Staghouwer seemed to have hinted at in his initial proposal for a meat tax.²⁴ The report describes the impact of any type of meat tax on the environment and society, see Figure 2, but draws the conclusion that a consumer tax on meat (at the retail level) would primarily have an effect on Dutch consumer health.

¹⁸ <https://www.pbl.nl/publicaties/belastingverschuiving-meer-vergroening-en-minder-complexiteit>

¹⁹ <https://edepot.wur.nl/545786>, p. 42

²⁰ This is the percentage used for the Dutch VAT's general tariff.

²¹ <https://www.tweedekamer.nl/downloads/document?id=52f62ba7-6bc5-4203-900d-d1959fbdcd84&title=Gezondheidsgerelateerde%20belastingen.pdf>, p. 82

²² https://ce.nl/wp-content/uploads/2021/03/CE_Delft_190106_Duurzaamheidsbijdrage_Vlees_Hoofdrapport_Def.pdf

²³ https://www.tweedekamer.nl/kamerstukken/brieven_regering/detail?id=2021Z13798&did=2021D29411

²⁴ "I will therefore investigate how a levy on meat *in combination with backchannelling to the production sector* can be implemented", page 1 of this report.

Figure 2. Effectiveness of meat pricing options according to sustainability dimension for the Netherlands

Table S.1 Effectiveness of meat pricing options according to sustainability dimension

	Ecological sustainability (= lower emissions)	Economical sustainability (fair income for all chain parties)	Social sustainability (working conditions; animal welfare) Consumer health (lower consumption)	
Chain arrangements	0/-	+ Extra costs	+ Animal welfare	0
Taxes				
- At farm level (e.g. tax on production animals)	+++ (production is moved abroad)	-- (short term more competition; long term no impact)	-- (if in the short term production disappears out of the NL, part of the chain also disappears); animal welfare comes under pressure)	0 (meat comes from abroad)
- At slaughterhouse level (e.g. slaughter tax)	0/- slaughterhouses disappear	- (more international competition)	0	0 (meat comes from abroad)
- At retail level (e.g. meat tax)	0/+ a)	0/- (possible decrease in chain arrangements due to rising meat prices in NL)	0/- (minimal changes)	++ (lower consumption through rising meat prices).
Subsidies				
- EU	+	0	0	0
- SDE++	+ (energy)	0	0	0
- Mia/Vamil	+ (extra environmental investments)	0	+ (especially vis-à-vis animal welfare)	0
Levy & return	++ (especially if all chains participate)	+ (as long as part of the action plan of government & market parties)	++	+

a) ecological sustainability probably takes place more abroad than in the Netherlands due to the strong competitive position of primary production in the Netherlands.

Source: Edited from https://www.tweedekamer.nl/kamerstukken/brieven_regering/detail?id=2021Z13798&did=2021D29411, report Wageningen Economic Research 2021, “Beprijzen van vlees en verduurzaming”, p. 12.

Future of Dutch Meat Tax

After the highest rate of inflation was witnessed in 46 years in the Netherlands, in March 2022, a motion was put forward in the House of Representatives asking Minister Staghouter to refrain from implementing a meat tax. The motion was adapted on May 10, and supported by 12 parties, including government coalition parties VVD and CDA.²⁵ Although a motion is not legally binding, it can send a signal to the second chamber of Dutch Parliament (i.e., the House of Representatives). Minister Staghouter or the Cabinet of the Netherlands has not publicly responded to the motion. The future of an implementation of a meat tax in the Netherlands therefore remains unclear at this time.

Attachments:

No Attachments.

²⁵ https://www.tweedekamer.nl/kamerstukken/plenaire_verslagen/detail/2021-2022/77