



## COST-BENEFIT ANALYSIS: FAQ

In order for the proposed interventions to encourage the adoption of sustainable diets in the EU to work, we need to check that these recommendations are socially and economically viable in the context of today's society.

To do this, LiveWell commissioned Civic Consulting to assess the economic impact of adopting the LiveWell Plate by 2020. The study looked at various scenarios to analyse the costs and benefits of the key public policy options proposed by the LiveWell Network of European Food Stakeholders across the EU, and the three LiveWell pilot countries (France, Spain and Sweden).

Here, we answer the most common queries about this study. [A more general FAQ about LiveWell for LIFE can be found on our website.](#)

### **Q. What methodology did you use?**

A. We used the CAPRI model – also known as the Common Agricultural Policy Regionalised Impact modelling framework. It assessed the effects that following the LiveWell Plate's recommendations would have on consumption patterns, consumer and producer prices, production, trade, economic welfare and on the environment. CAPRI is what's known as a partial equilibrium system, so it considers only part of the market – not the whole economy. CAPRI let us model the effects on incomes of producers and processors, as well as on public budgets as far as they're directly related to agriculture. For most non-agricultural sectors, like the fertiliser industry, it's assumed that prices aren't affected by changes in consumption patterns. [You can find more information here.](#)

**Q. LiveWell says that adopting the LiveWell Plate would see a 25% fall in greenhouse gas emissions from the food supply chain. But the cost-benefit analysis finds that the adoption of the LiveWell Plate by 70% of the EU population would result in only a 4% decrease in greenhouse gas emissions. Why such a difference in figures?**

A. Several factors may explain the differences between the results of this study under the different scenarios and the 25% reduction in greenhouse gas emissions for which the LiveWell diets were designed:

- There are important differences between the lifecycle approach used to devise the LiveWell Plate and the CAPRI production-oriented approach. Most important, CAPRI tracks production changes in all regions to find changes in global emissions. The lifecycle approach, by contrast, assumes that other European and non-European consumers

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wouldn't change their behaviour in spite of global price changes. The effects of international markets are clearly visible from the CAPRI simulation results. For example, under the LiveWell scenarios, meat exports from the EU to countries outside the EU increase significantly: +44% under the LiveWell 30% scenario and +128% under the LiveWell 70% scenario, relative to the reference scenario. This increase in exports limits the reduction in greenhouse gas emissions achievable through a dietary shift in the EU, as the CAPRI model captures the balance of all greenhouse gas emissions on an international scale.

- The CAPRI model does not follow a lifecycle approach, which means impacts on greenhouse gas emissions only relate to those from agriculture.

- Finally, the LiveWell report considers the maximum reduction in greenhouse gas emissions that could be achieved if all consumers followed the LiveWell Plate's recommendations. In contrast, the study assumes that at most an additional 70% of the EU population adopt diets meeting the LiveWell Plate's recommendations in 2020 (LiveWell 70% scenario).

**Q. The study only covers the costs of obesity, not the costs of people being overweight. Why is that?**

A. Although studies show that medical costs relating to being overweight may be considerable, such costs are not included in the study because statistical evidence isn't widely available.

**Q. The study refers to consumer and producer welfare. What does this mean?**

A. In Civic's study, the term welfare refers to the individual benefits derived from the consumption of goods and services. [You'll find more information about this here.](#)

**Q. It's surprising that under the LiveWell 70% scenario, an increase in human consumption of cereals coupled with a decline in their use as animal feed results in an increase in total EU demand for cereals. How do you explain this?**

A. First, the study shows that calorie intake from cereals increases the most – up to +32% under LiveWell 70%. Second, and perhaps more important, soya cakes – a major animal feed item – are categorised under 'other plant products' in the CAPRI methodology. This category actually experiences a small decline in EU demand.

**Q. What is LiveWell's perspective on this study?**

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A. It gives us a snapshot of the impact that the wide adoption of sustainable diets in the EU could have. It has identified clear benefits for the environment and public health. In terms of economic welfare, the research indications are interesting – they show that some stakeholders (e.g. other plant and cereals producers) would greatly benefit from such a shift, while others (e.g. meat and oil producers) would not. The results vary, depending on the country considered and the level of adoption (by 30% or 70% of the EU population) of the LiveWell Plate. We need more research to find out what policies could be put in place to successfully combat the negative effects of the adoption of the LiveWell Plate (e.g. shift in subsidies).

Overall, the report reinforces previous LiveWell research which points out that greater policy coherence and further research are needed to ensure sustainable diets are adopted. In June 2014, the European Commission will present a Communication on Sustainable Food, seen as an important next step to increase policy coherence on diets. The recent paper, *Actions towards a more sustainable European food chain* from Europe's food chain partners shows that the EU food industry wants to encourage more healthy and sustainable diets in cooperation with public partners. The EU Food Sense initiative and events also showed the existing support for better diets in the European Parliament and in civil society. In light of this, we expect the next European Commission and Parliament to work with EU governments and other stakeholders on sustainable diet issues.

**Q. What are the next steps of the LiveWell project?**

A. The final LiveWell workshop of the Network of European Food Stakeholders takes place in Brussels in June 2014. This event will further help assess which policies and initiatives ought to be implemented to ensure there's an uptake of healthy and sustainable diets in the EU. Further to this, the findings of LiveWell for LIFE will be compiled into a report, to be showcased in Brussels at our final LiveWell event on 11 December 2014.

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