Special Report: Food, beverage industry pays for seat at health-policy table

By Duff Wilson and Adam Kerlin
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(Reuters) - As the world's foremost health agency, the World Health Organization bills itself as an impartial advocate working on behalf of 194 member nations.

Its mission as the public health arm of the United Nations ranges from stanching communicable diseases such as malaria and AIDS to battling what the U.N. considers the latest "global epidemic": chronic ailments such as diabetes and heart disease caused primarily by unhealthy diets.

But to fight those diseases in Mexico, the nation with the world's highest rate of obese and overweight adults, a Reuters investigation found that WHO's regional office has turned to the very companies whose sugary drinks and salty foods are linked to many of the maladies it's trying to prevent.

The office, the Pan American Health Organization, not only is relying on the food and beverage industry for advice on how to fight obesity. For the first time in its 110-year history, it has taken hundreds of thousands of dollars in money from the industry.

Accepting industry funding goes against WHO's worldwide policies. Its Geneva headquarters and five other regional offices have been prohibited from accepting money from the food and soda industries, among others. "If such conflicts of interest were perceived to exist, or actually existed, this would jeopardize WHO's ability to set globally recognized and respected standards and guidelines," said spokesman Gregory Härtl.

But the Pan American office - known as PAHO, based in Washington and founded 46 years before it was affiliated with WHO in 1948 - had different standards allowing the business donations.

Even so, not until this February did PAHO begin taking industry money, Reuters found: $50,000 from Coca-Cola, the world's largest beverage company; $150,000 from Nestle, the world's largest food company; and $150,000 from Unilever, a British-Dutch food conglomerate whose brands include Ben & Jerry's ice cream and Popsicles.

The recent infusion of corporate cash is the most pointed example to date of how WHO is approaching its battle against chronic disease. Increasingly, it is relying on what it calls "partnerships" with industry, opting to enter into alliances with food and beverage companies rather than maintain strict neutrality. The strategy differs dramatically from WHO's approach to interacting with the tobacco industry - companies with which it is unwilling to partner.

The decision appears to stem in part from necessity.

Despite being tasked a year ago by the U.N. to direct the attack on what both groups now call a "global epidemic," WHO has cut its own funding for chronic disease programs by 20 percent since 2010 - an even bigger decline than for the agency as a whole. These diseases cause 63 percent of premature deaths worldwide, but the WHO department that leads the effort to fight them receives 6 percent of the agency's budget.

The industry's cash donations, which have not been previously reported, were described by Irene Klinger, a senior adviser for partnerships in PAHO, as "a new way of doing business." She compared the closer cooperation with that of a couple who needs to discuss marital problems. She said PAHO spends about $30 million a year to fight chronic diseases. But amid WHO's budget cuts, Klinger said, the organization needed industry "money to make this happen." Mexicans drink far more Coke than citizens of any other nation. But even as Coca-Cola denies that soda causes obesity, it says it is committed to solving the health crisis. The Atlanta-based company has placed a top official on the steering board for WHO's Pan American Forum for Action on Non-Communicable Diseases, a group that helps determine how WHO fights obesity in Mexico.

Klinger and other WHO officials who work with industry say they are careful to maintain control of policymaking. But on its website, the Pan American Forum touts the benefits of membership as helping businesses "avoid regulation" and "influence regulatory environments."

"WHO is getting hijacked," said Boyd Swinburn, an Australian professor and longtime member of WHO's nutrition advisory committees. "They're cash-strapped, and they're bringing the private sector in. That's very dangerous."

Coke sees the situation differently.

"It's about the convergence of the interests," said Jorge Casimiro, Coca-Cola's director of international government relations and public affairs. "What we're trying to say is we're ready to take action. We're companies who want to do this. We're ready to go."

TIES TO INDUSTRY

As part of its investigation into the influence of Big Food on WHO, Reuters reviewed thousands of pages of records, and interviewed more than a hundred experts and officials from industry, academia, health groups, trade groups, medical journals and national governments. Among those interviewed: more than 20 former and current WHO officials and leading advisers to the agency.

Although WHO wields no official regulatory authority, the agency relies on member nations to embrace its recommendations - something that happens quite often in developing nations. "The standards and policies adopted by WHO basically become the laws and regulations and policies in many of these countries," said Daniel Spiegel, a former U.S. ambassador to U.N. programs in Geneva who now lobbies on behalf of the food and alcohol industries.

Reuters found that even when WHO takes special care to avoid entanglements with industry, the wall meant to protect WHO's impartiality is far from impermeable.

A small group at WHO headquarters here is helping a panel of nutrition experts draft new guidelines for sugar, salt and fat in the diet. Little known to the public, the guidelines are of intense concern to potentially affected companies, and they're particularly relevant to developing nations such as Mexico.

The Nutrition Guidance Expert Advisory Group was hand-picked by WHO staff members, who say they took the agency's strictest steps yet to avoid the industry conflicts of some advisers in the past.

"My main message is we're really taking this conflict of interest extremely seriously, as well as the solidity of the science, and we're trying to really change this perception," said Francesco Branca, director of the work.

Reuters found at least two of the 15 advisers had direct financial ties to the food industry. Murray Skeaff, a New Zealand professor, received research money from Unilever, the conglomerate with $60 billion sales last year. He could not be reached for comment. Esté Vorster, a South African professor, advised a sugar association and took travel and "after hours" money to judge a contest for Nestle. Vorster said she does not participate in discussing the sugar guideline.
A third, Nahla Hwalla, is a professor and dean of a food-sciences college at the American University of Beirut. The college is receiving $750,000 over three years from Nestle; $450,000 of that money goes to fund the work of a doctoral student whom Hwalla is supervising. Hwalla said the Nestle funding was disclosed to WHO. WHO will not comment on financial disclosures by members of its advisory group.

In addition, three members of the group - Ibrahim Elmadfa of the University of Vienna, Anna Lartey of the University of Ghana, and Vorster - are current, future or past leaders of a professional society, the International Union of Nutritional Sciences. The society solicits hundreds of thousands of dollars in industry funding for conferences.

Sponsors of next year's conference include Coca-Cola, PepsiCo, Kraft, Nestle and Unilever. A letter to sponsors from Angel Gil, a Spanish professor and conference president, says sponsors would "enjoy prime exposure and direct marketing opportunities with the key players and decision makers in the field."

The conference organizers advising WHO say they do not regard the ties as a conflict of interest because they don't pocket any of the money personally.

But the conference they lead has so many ties to industry that WHO itself will no longer help organize or donate money to it as it has done in the past, according to Chizuru Nishida, coordinator of the WHO nutrition policy and scientific advice unit.

INFLUENCE IN MEXICO

The industry's influence in Mexico is exemplified in the Mexican delegations to a group called Codex. The group works with WHO on food labeling and trade policies, and its guidelines serve as a reference for governments around the world.

At a meeting of the group's nutrition committee last November in Germany, the five-member Mexican delegation included officials from Coca-Cola and Kellogg - but no one from the Mexican government. Many other nations also invited company representatives; a Coke official was part of the U.S. delegation. But all delegations except Mexico's were led by government officials.
Coca-Cola is a major player in Mexican politics, while it dominates the soda market there. Vicente Fox, the nation's president from 2000 to 2006, was the president of Coca-Cola Mexico before entering politics.

Coke points to its contributions to public health. "Close to 26 million Mexicans benefit from the more than 4,000 sporting events we promote each year," said Rosalyn Kennedy, senior communications manager for Coca-Cola. In an email, she said Coke also signed the National Agreement to Prevent Obesity with the Mexican government. As part of the agreement, companies promise to reduce salt, sugar and fat and promote exercise and drinking water.
Swinburn, who directs the WHO Collaborating Centre for Obesity Prevention in Melbourne, remains skeptical of the industry's motives. He said food and beverage companies exert a huge influence on policies that affect the health of millions.

"Industry is buzzing all around," he said. "Even in things like nutrition guidelines, they're usually in the room at the policymaking table or buzzing around it and putting all sort of pressure on, bringing their huge conflicts of interest and their huge resources to it - and we're wondering why we don't get much public interest policy coming out."

In May 2011, an expert group impaneled by PAHO, WHO's regional office for the Americas, wrote perhaps the world's toughest plan to restrict junk-food marketing to children. The panel, including four Mexicans, recommended new government policies "in a time frame of no more than 18 months" - that is, by November 2012.

To date, Mexico has yet to act on the findings. PAHO has yet to even formally present its report to the Mexican government, according to Alejandro Calvillo, a member of the expert panel and director of El Poder del Consumidor, or Consumer Power, a nonprofit group focused on obesity in Mexico.

Why not? Calvillo said public health officials with PAHO in Mexico "do not want to have any kind of conflict with the industry."

The view wasn't disputed by Enrique Jacoby, PAHO's regional adviser on healthy eating. "We have an opportunity to do more than we did in the past with Mexico, I'll put it that way," Jacoby said.

"We cannot act on our own," Jacoby said, "but in reality we can have a huge influence on Mexico insofar as the secretary of health in Mexico says, 'PAHO, come over and help us do this,' because we are the international health agency."

SELF-REGULATION FALLING SHORT

Some WHO officials and health advocates say the agency is doing the best it can - with industry help - to reduce chronic disease. The World Health Assembly in May set a target for a 25 percent reduction in global deaths from these illnesses by 2025.

"To do that, you have to reduce salt, reduce sugar, reduce fats; that's not going to happen without regulation and taxation," said Judith Watt, interim director of an alliance of global diabetes, heart, cancer and lung disease groups, which receive some industry funding.
WHO has repeatedly advocated for voluntary action over stronger, regulatory measures. And the major food makers have, in some cases, responded.

For instance, Coca-Cola now offers more than 800 no- or low-calorie drinks; the Mexican bakery giant Grupo Bimbo is cutting sodium in its leading bread and rolls; and Nestle and General Mills just announced further cuts by 2015 in the sugar and salt in Cheerios and other cereals. Further, these companies are promising to limit advertising aimed at children under 12.

WHO published global guidelines for controlling junk-food marketing to children in 2010. It suggested "industry-led self-regulation" as an alternative to legal requirements.

Corinna Hawkes, a British food policy expert and lead author of a seminal 2004 WHO report on marketing of food to children, said self-regulation alone continues to fall short, in Mexico and elsewhere. She was part of the panel PAHO convened last year to recommend what it called "concrete" policies.

Their report advocated restricting all forms of junk-food marketing that appeals to children under the age of 16. That included TV, radio, signs, cartoons, toy giveaways and event sponsorships, a Coke mainstay in Mexico. Further, it said governments should raise taxes on products high in sugar, fat and salt and on the advertising of these products - policies anathema not only to fast-food and soda companies but to many in advertising and media.

Since then, Hawkes said, neither WHO, PAHO nor the Mexican government has done much.
In a speech last year in Mexico City, Margaret Chan, WHO director-general since 2007, talked about "the seductive marketing of foods and beverages that are cheap, convenient, tasty, filling, and very bad for health." But Chan didn't mention the solution being proposed by WHO's expert committee. She declined interview requests for this story.

Mexican President Felipe Calderón also championed a five-step anti-obesity program focused on exercise and healthy eating. He, too, didn't mention limiting marketing to children.

Calderón had appeared with Coca-Cola chief executive Muhtar Kent at the World Economic Forum in Davos, Switzerland, in January. Kent said Coke would invest another $1 billion a year to grow the Mexican market. Calderón praised the plan for adding jobs.
Coke has plans to double its sales in Mexico within a decade.

"RECIPE FOR DISASTER"

Mexican Coke is made with real cane sugar instead of corn syrup. And Mexicans love it.
So much so, they drink an average of 45 gallons of Coca-Cola products a year. That's almost eight times more than the world average and 70 percent more than Americans, who are the second biggest soda drinkers in the world.

"A recipe for disaster," said Kelly Brownell, director of Yale University's Rudd Center for Food Policy and Obesity.

Body measurements bear him out: Mexico now has the fattest adult population in the world, surpassing the United States in the latest surveys measuring body mass index, excluding some small South Seas Islands.

Studies show 69.5 percent of Mexicans 15 and older were overweight or obese in 2006 compared with 69.2 percent of similarly aged Americans in 2010. And Mexico's problem continues to grow while the situation in the United States has leveled out, health officials say.

A new survey is expected to show Mexico's obesity rates climbing about 2 percent since 2006, according to Simón Barquera, a professor of nutrition and researcher in the National Institute of Public Health.

"This is as high as you could get," Barquera said.

In its one significant government response, Mexico, in 2010, began removing sugary drinks from elementary schools. But school children still lack water fountains, and soda marketing pervades the places they gather. The national government has rejected proposals to tax sugary drinks.

NESTLE FUNDS DIABETES GROUP

The food industry's influence is by no means limited to Geneva or Mexico. A Reuters investigation earlier this year revealed how food and beverage companies now dominate policymaking in Washington and in cities and states across America.
In Washington, the companies doubled their lobbying expenditures to $175 million during the first three years of the Obama administration, Reuters found, and defeated "soda tax" proposals in 24 states. As part of the National School Lunch Program, Congress even declared pizza a vegetable.

Food and beverage companies also are donating money to global nonprofit groups fighting the very diseases that their products have helped to create - health advocacy organizations that are allowed to work with officials at WHO headquarters in ways that industry groups cannot.
In a precedent-setting move earlier this year, Nestle agreed to give 480,000 euros ($630,000) to the International Diabetes Federation over three years. The amount of the donation, provided to Reuters by Nestle, has not been previously reported. The federation previously took money from insulin makers but not food companies.

"We want to be part of the solution," said Robin Tickle, Nestle's head of corporate media relations. "We have various forms of partnerships with organizations all over the world at global, regional or local level. Some of these involve donations, others do not."

Ten of the largest multinational companies have joined forces in a nonprofit group in Geneva called the International Food and Beverage Alliance. The companies, with combined sales last year of $397 billion, are promising voluntary actions to reduce salt, sugar and fat. Their group, created four years ago, is trying to gain a status of "official relations" with WHO, which would give it additional access to agency meetings and shared work plans.

The global sugar industry, with U.S. government backing, reacted strongly against a WHO expert panel's report in 2003 to recommend limiting sugar to 10 percent of dietary calories. Since then, the report has not been mentioned in WHO's plans to fight chronic disease, and some of its most aggressive staff members have left the organization.

"Many of us have been complaining to Margaret Chan about why there are so few staff on this even if it is two-thirds of the mortality in the world," said Pekka Puska, WHO's director of non-communicable disease until 2003 and currently director general of Finland's National Institute for Health and Welfare.

"You can speculate why," Puska said. "The more you do non-communicable diseases, the more you run into commercial problems of marketed products like Coca-Cola."

Giants including Coke and Unilever take exception to such characterizations. "It's about working together," said Anne Heughan, external affairs director for Unilever. She said all such efforts to battle obesity and other diseases need "to be led by the government. They need to set the direction ... But obviously we are a part of that."

FOCUS ON SALT

The soda industry still disputes whether sugar causes obesity and its cavalcade of health problems. The underlying cause of obesity is consuming too many calories and burning too few. The industry argues that a calorie from soda is no different from a calorie from any other source. Many health experts compare that argument to the longtime denial by tobacco makers that cigarettes cause cancer. Cause and effect has not yet been biologically established for soda and obesity. But sodas are the leading single source of calories in the American and Mexican diets. And they are "empty" calories - devoid of nutritional value.

There is no such dispute over the harms of excess salt - nor is the industry lobby as focused. Companies that add salt to food have agreed it can cause hypertension.

Accordingly, salt remains a target of WHO disease policies even as sugar has fallen off the table. The industry-funded Pan American group is focusing on salt reduction. An outline of policy options by WHO in March listed salt 28 times and sugar only once.

SPENDING CUTS

Since the industry's business alliance formed in Geneva in 2008, WHO has cut its annual spending for the branch dealing with chronic disease. Its budget went from $325 million for 2008-09 to $241 million for 2012-13; in the same period, the office's staff shrank from 182 to 131. Chan's 2012-13 budget reflects more of the austerity that forced the agency to cut 250 staff members agency-wide last year. The budget, emphasizing "efficiencies" and "partnerships," is 12 percent smaller overall - but 20 percent smaller in the chronic disease office than the previous spending plan.

WHO's entire budget is about half of what Coca-Cola spends on marketing alone. Although WHO spends about $2 billion a year and employs 8,000 people to fight disease, the vast majority of that money is earmarked by donors for projects related to communicable diseases such as malaria. That leaves relative crumbs for the diet-related illnesses that WHO says are the world's leading killer.

"Sixty-three percent of the deaths, and 5-8 percent of our budget," said Douglas Bettcher, acting director of the chronic diseases office. In an interview here, Bettcher described the handful of people at policy levels: "We've got one person on diabetes, two on cancer, one on cardiovascular disease, and we're recruiting one for chronic respiratory disease," he said.

That alone doesn't represent the entirety of WHO's effort. Bettcher said many other WHO employees are working on the risk factors of chronic disease (including smoking) around the world. Among them: about 200 technical officers. He said he remains positive about the potential to make progress.

"I'm optimistic we're well on our way to scaling up our efforts," Bettcher said. Some of WHO's own employees, however, acknowledge the difficulties. "Money has been cut back," Nishida said. "Today it seems like the only people that have money are industry."

Derek Yach, a former WHO assistant-director-general for chronic disease programs, said "WHO is really pushed into a corner" by its budget woes. Yach said he was driven out of WHO in 2005 after proposing to limit sugar consumption. Not long after, he made a dramatic career move that underscores just how ineffective he believes WHO has become.

After stints at Yale and the Rockefeller Foundation, Yach accepted a job as a vice president at PepsiCo. His reasoning: He said he thought he stood a better chance of improving public health by working for the sugary soft drink maker than by working for the world's leading health organization.

SHARED INTERESTS

Under Chan, WHO has employed "partnership advisers" to seek closer relationships with food and beverage companies. One of them, Janet Voûte, left the health agency in 2010 to become a vice president at Nestle, which is based in Vevey, Switzerland - two train stops from Geneva. Nestle, Voûte said, agrees with everything WHO is doing and stands ready to help WHO and improve its own products. "I personally do not see any major conflict of interest," she said. "I see much more convergence of interests."

When WHO held a conference for health ministers last year in Moscow - which Voûte had helped to organize - one session was chaired by Casimiro, the top Coca-Cola official. He said he was invited by WHO to chair it.

Speakers came from PepsiCo, Nestle and the World Federation of Advertisers. They called for voluntary action and offered their resources and influence.

When Chan spoke, praising them, an activist stood up and asked Chan about whether the relationship posed a conflict of interest for WHO.

Chan responded in her sometimes ebullient fashion. She sang the opening lines of a show tune from the musical The King and I: "Getting to Know You."

Reporting By Duff Wilson in Geneva and Adam Kerlin in New York. Additional reporting by Stephanie Nebehay in Geneva. Editing by Blake Morrison and Michael Williams.