

PRESS POINT – COMMERCIAL DETERMINANTS OF HEALTH AND GLOBAL FINANCIAL MARKETS

Friday, 5 October 2018

Today's press point explored the role of the business sector and the financial community in keeping Europe's citizens healthy. As 7 out of every 10 deaths worldwide are caused by non-communicable diseases (NCDs), increasingly often the result of people's lifestyle choices -smoking, alcohol use and unhealthy diets-, the impact of the global food, beverage and tobacco industry on health has become palpable. This means that addressing the commercial determinants of health is paramount to mitigating the burden of NCDs on health systems.

Bronwyn King – CEO, Tobacco Free Portfolios

Tobacco is the ultimate case study for looking at how the financial sector can play a role in addressing the burden of NCDs. 1 billion people could die of tobacco-related causes this century.

The health community is working hard to address the challenges of preventing and curing illnesses caused by tobacco. Many governments are committed to implementing tobacco-control policies. Parents, teachers, and communities educate children about the dangers of smoking. But none of this is enough if the global finance sector continues business as usual: banks lending money to tobacco companies, insurance companies insuring them, and pension and sovereign funds investing in tobacco. Everyone still treats tobacco companies like a normal company.

WHO Director General Dr Tedros said that engagement of the finance sector is the missing piece of tobacco control. We need the support of the private sector to effectively address tobacco.

Last week at the United Nations General Assembly, we launched "The Tobacco-Free Finance Pledge" with over 90 financial institutions from over 18 different countries as founding signatories, representing USD 6.5 trillion in investments. The founding signatories include some of the largest banks in Europe, which have committed to stop lending to and investing in tobacco companies. Out of the 100 largest banks worldwide, only eight have a no-tobacco free policy. In Europe, BNP Paribas, ABN AMRO and ING are among the founding signatories.

Already, we have seen USD 12 billion in investment shifted away from tobacco in the last years, with most of the tobacco-free policies in pension introduced during the last 18-24 months. In general, there is a broad shift in the thinking of financial actors, while discussions increasingly focus on the role of investments.

Novel tobacco products are not safe and there is a great amount of concern that young people will pick up these products with unknown long-term consequences.

Social impact bonds are very new and a lot of people are trying to figure out the best model. The financial sector is waking up to the fact that they shape our world, and because it is your money in the pensions, your money is shaping the world, too.

Ilona Kickbusch – Director, Global Health Centre, Graduate Institute Geneva

We are looking at the impact of the global consumer society on health in an environment that influences and shapes consumer choices. We have been focusing on companies and products, but there is a much larger issue of a global consumer society that relates to the global flow of capital and goods and global investment strategies.

If you looked more carefully, you start to understand that global consumer goods are one of the most attractive investment areas because it allows very high revenues compared to other investments. The beer market in Africa is one of the most profitable markets and demonstrates the interception of strong commercial determinants and health.

We have much experience with tobacco now. Some of the companies even wanted to change, with CEOs and governing boards committing, but shareholders were not interested in shifting the focus of the companies. This triggered more attention on the role of shareholders and institutional investors such as pension funds, insurances and big banks.

Institutional investors have a social responsibility, for example paying your pension. This creates new tensions when they put money in investments that are counter-productive for health. At the same time, they need to fulfil their purpose, in this case ensuring pensions. We need to find out how to resolve the tensions and help institutional investors understand the consequences of their investments.

Divestment doesn't happen overnight, pulling out money can take up to 10 years. But the underlying message we want to send is the de-normalisation of investment in industries that produce unhealthy goods.

We have some experience with social bonds, for instance in the area of vaccines through Gavi or in exploring new finance mechanisms with the World Bank and the Global Fund for the Fight against TB, Malaria and HIV/AIDS. Addressing the social determinants of health is also key, as one of the big determinants of health is housing, which becomes unaffordable in big cities.

Clemens Martin Auer, EHFG President

Commercial determinants of health and financial interests are among the factors that influence NCDs.

The European Health Forum Gastein can contribute to the discussion on the role of commercial determinants of health. We are ourselves exploring the new topics of financial markets. But we have to understand the mechanisms, in particular the factors behind the NCD burden. We should think critically, widen the scope, and ask ourselves which mechanisms are influencing our healthcare systems, even though we might not even know all the factors that are at play.

If you have any questions or comments, please feel free to contact:

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