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**Testimony of Dr. Danielle Greenberg, PepsiCo Inc.  
Before the New York State Joint Legislative Committees  
on the 2010-2011 Executive Budget. Health/Medicaid Proposals  
February 9, 2010**

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Good morning Chairman Kruger, Chairman Farrell and distinguished members of the committee. My name is Dr. Danielle Greenberg.

On behalf of the ten thousand employees who work for PepsiCo, our bottlers and distributors here in New York State, I want to thank you for the opportunity to be here today. New York is our home. PepsiCo's worldwide headquarters are in Westchester County as are the global headquarters of our largest bottler, Pepsi Bottling Group. Our bottlers operate dozens of manufacturing sites and numerous distribution centers serving New Yorkers in every corner of the state. So, I think it's fair to say that the concerns of New York are our concerns.

They are also my personal concerns. I grew up in lower Manhattan, was educated in the state's universities, and raised my own family here in New York. My training is as a behavioral neuroscientist. I served on the faculty of Cornell University Medical College for 15 years, doing research on obesity and the control of food intake. Eight years ago, I joined PepsiCo where I am now a member of the company's Nutrition department.

There is no question that obesity is a serious public health issue. As a leading food and beverage manufacturer, we know we have an essential role to play in helping to find solutions to this complex problem and we are committed to doing our part.

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However, as a scientist whose life's work has been devoted to obesity-related issues, and as a mother of two, I know the solution does not lie in taxing sugared beverages.

Please consider a few facts:

- According to scientists at the National Cancer Institute, calories from soft drinks and other sweetened beverages represent only 5.5 percent of the total calories consumed in the American diet. That means nearly 95 percent of our calories come from other foods and drinks. To address obesity, we need to look much more broadly than just at soft drinks.
- For example, let's consider someone with a daily intake of 3,000 calories – which would be someone who is clearly over-eating. At 5.5 percent of calorie intake, sugared beverages would represent 165 calories per day. Now, let's assume a beverage tax could reduce consumption by 10 to 15 percent. This would equate to between 15 and 25 calories per day. And evidence shows that if calories are cut in one part of the diet, they are often substituted elsewhere so the net calorie impact is likely to be even lower. That is simply not enough to have a meaningful effect on weight loss. (Nutritionists generally recommend cutting 500 calories per day to lose weight.)
- Soft drinks and other sweetened beverages are simply too small a part of the total diet to make a meaningful impact on the obesity problem.
- And data proves this out. Between 2000 and 2008, per capita consumption of sweetened beverages declined 8 percent – while obesity rates continued to rise. Allow me to repeat that point...Americans, including New Yorkers,

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consumed 8 percent less sugared beverages ...yet obesity rates continued to rise.

- The only way to address the multi-faceted problem of obesity is with comprehensive approaches that address both sides of the energy balance equation: that is the calories we consume in our total diet need to balance with the calories we burn through our daily activities and through planned exercise. Weight management is really very simple -- not EASY -- but simple. It's all about energy balance and any solution to the obesity challenge must address both sides of the equation - through education, balanced diets and physical activity.

PepsiCo has long recognized the vital role we can play in these efforts. We have worked for decades now to expand our offerings of low calorie products and to help our consumers make healthier, more informed nutrition choices. Let me give you a few examples.

- Two decades ago, we began acquiring new lines of business – including Quaker Oats, Tropicana, SoBe and Naked Juice – and investing our R&D resources to develop lower-calorie products like Aquafina, G2, Propel Fitness Water, Pepsi Max, Trop 50, and Zero Calorie SoBe Lifewater. This transformation has significantly broadened the range of low calorie choices we give consumers. And, with innovative new products, we're helping make it easier for consumers to make the switch to lower-calorie options.

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- We are also working to raise consumer awareness about calories. Five years ago, we began showing the total number of calories in packages smaller than 1 liter right on our labels. (We didn't do this because we had to. We did it because we knew it would be helpful to our consumers.) About the same time, we launched a consumer website, [PepsiProductsFacts.com](http://PepsiProductsFacts.com), that provides detailed nutrition and ingredient information for every product in our beverage portfolio. Today, more than 50,000 people visit that site each month.
  
- Finally, we are partnering with other organizations inside and outside the food and beverage industries to find and develop solutions. We joined with our industry colleagues to partner with the Clinton Foundation and American Heart Association on childhood obesity initiatives. Through this effort, we have voluntarily removed full-calorie soft drinks from schools and reduced the calories from beverages in schools by over 60%. And PepsiCo's Chairman and CEO Indra Nooyi played a seminal role in forming the Healthy Weight Coalition, a collaboration of more than 40 retailers, food and beverage manufacturers, NGO's and educators committed to help reduce obesity, particularly among children.
  
- We are changing the nutritional face of our business – and steadily reducing calories in our beverages. In the past five years alone, we have reduced the average number of calories in the beverages we sell by 11 percent.

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And our work continues. We are taking bold steps within our organization to ensure we stay focused on this issue far into the future.

- We are redoubling our R&D efforts under the leadership of a newly hired, Mayo Clinic-trained endocrinologist, recognized for his extraordinary expertise in diabetes and obesity. We've also brought on a top health policy adviser from the WHO to help our senior leaders understand what the health community expects of leaders - like PepsiCo - in the food and beverage industries.
- We've also designed our compensation plans to reward employees for expanding the role of healthy products in our portfolio, literally putting our money where our mouth is, so that creating products that can improve health pays off.

We are a company that encourages nutritionists and scientists like me to make a difference; a place where my colleagues and I are proud to work; and a company that seeks to partner in efforts to find common-sense solutions to complex problems like the one on the table today.

In troubled economic times like these, we can understand the appeal of a tax that purports to produce revenues and promote health. However, there is no scientific or medical evidence that a beverage tax will be effective in reducing obesity. And there is ample reason to believe that such a tax would have drastic economic

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consequences for New Yorkers, putting thousands of well-paying New York jobs at risk, sending sales and jobs to nearby states, and saddling middle class, working people with another tax burden at a time when New Yorkers can least afford it.

We trust that science-based facts and common sense will prevail in finding solutions to the very real challenge of obesity. A sugared beverage tax is a simplistic attempt to solve a complex problem. It may raise revenues but there is no evidence that it will have any effect on obesity.

Thank you very much.

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