

# **HONG KONG RETAIL MANAGEMENT ASSOCIATION**

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The Hon Fred Li Wah-ming, JP  
Chairman  
LegCo Panel on Food Safety and Environmental Hygiene  
LegCo Secretariat  
3/F Citibank Tower  
3 Garden Road  
Central  
Hong Kong

*By fax: 2509 0775 & mail*

Dear Mr Li

## **REGULATION OF GM FOOD IN HK**

I am writing on behalf of the Hong Kong Retail Management Association with regards to the captioned subject.

### *General Views towards Food Labelling & GM Food Labelling*

The Hong Kong Retail Management Association supports in principle that the safety and health of consumers should be protected and that consumers have the right to make educated choices. When consumer choices compromise their safety and health due to lack of education, we believe the law should protect these consumers. Where consumer choices do not affect their health and safety, we believe market forces will determine the type of products that succeed, part of which is the type of labelling that is used.

Regarding nutritional food labelling, we support regulations that provide consumers with fundamental, consistent information that helps them make an educated choice. For example, the increased rate of diet-related diseases like diabetes and heart disease in Hong Kong can be positively affected by the introduction of more useful labelling and

nutritional education. Consumers have a corresponding right to know the amount of core nutrients, such as carbohydrates, protein and fat, as they self-regulate their diet. We therefore support the Administration's proposal for improved nutritional labelling standards, provided that our standards are compatible with other developed countries and do not significantly compromise consumer choice.

Regarding GM food labeling, we concur with the Administration that there is a lack of justification for mandatory labelling based on safety grounds, as well as a lack of international consensus on labeling requirements. We are cautious regarding the proposal to institute a pre-market assessment scheme, and request that a study be done to assess the impact of such a scheme on FEHD resources and budgets, delays in getting products to market, and reduction of choice. We agree that food manufacturers should be encouraged to voluntarily label the GM-status of their products in order to gauge the Hong Kong consumer's purchasing preference for these products, which may differ from their expressed preference.

The Association encourages further discussion on the current scope of food labelling, particularly regarding GM, in consideration of the total food market in Hong Kong. In 2002, HK\$90 billion of food was sold in Hong Kong: HK\$53 billion from restaurants and HK\$37 billion through retail. Of the HK\$37 billion, HK\$14 billion is from fresh foods and HK\$13 billion was prepackaged. Only 14% of food consumption in Hong Kong comes from prepackaged sources, therefore even with 100% compliance of mandatory labelling on prepackaged food, 86% of the food consumed in Hong Kong has ingredients from sources that are unknown and uncontrollable by consumers.

#### Regulation of GM Food

We concur with the Administration's conclusion that GM food labelling should be considered within the larger context of overall food nutritional labelling. We believe that Hong Kong consumers are best served by labelling that provides fundamental information on core nutrients such as carbohydrates, protein and fat. There is growing evidence that dietary habits in Hong Kong are worsening, which has resulted in increased rates of diseases like diabetes and heart disease. Improved nutritional labelling, complemented by ongoing nutritional education programs, will have a direct, positive impact on the overall health of Hong Kong's citizens. We see a global movement in developed countries towards this type of labelling, and the predominance of imported, prepackaged food from those countries makes compliance in Hong Kong much easier. However, we have reservations to the proposed 5 to 10 year phased approach from voluntary to mandatory labelling of nutritional information on all packaged food. As stated in the proposal "the information presented and the formats used are not consistent", which is exactly the reason why Hong Kong cannot adopt unilateral mandatory

nutritional labelling in one consistent format. Hong Kong's reliance on imported food will always result in some type of conflict due to differences between markets, requiring either repackaging at a cost, or withdrawal of the product.

We agree that the lack of international consensus on GM standards is the primary factor which prevents mandatory implementation in Hong Kong. The lack of consensus affects all organizations, particularly SMEs as noted, who are faced with the complex task of complying with multiple laws. We also believe that consumer choice will be greatly reduced due to the difficulties of complying with legislation, therefore companies may simply choose to not do business in the small Hong Kong market.

We agree somewhat with the RIA conclusion that a voluntary GM labelling scheme will not increase costs. Manufacturing organizations will be encouraged to identify GM ingredients and quantities, and the decision to label requires great control, which implies greater cost. If organizations already exercise enough control to be assured of a product's GM status, and have already built these costs into current pricing, there should be no increase in overall consumer prices. However, if the voluntary program encourages manufacturers to begin exercising greater control, and thereby adds costs, the resulting increase will be passed on to consumers.

#### *Comments to Specific Elements within the Proposal*

The proposal covers some of the labelling methodology and recommends to use the metric scale of per 100g or per 100ml. In most cases this will be suitable unless the typical product serving is below 100g or 100 ml and also if product originates from the USA where the imperial scale is still used. Conversion and labelling will be costly. The scale of the Hong Kong market to most international manufacturers will prevent them from having specific labelling. Voluntary labelling should be voluntary and no part of it should be mandatory.

The proposal to introduce a mandatory pre-market safety assessment of new GM food based on Codex, which has to be submitted to the FEHD prior to importation needs further clarification. The major issue appears to surround the compilation of GM ingredients that were considered safe. If Hong Kong were to adopt the exporting country's list of safe GM ingredients this would immediately resolve most problems including the LegCo Panel's concern about Hong Kong becoming the "dumping ground for GM food". Ideally the Hong Kong list of safe GM ingredients could be the amalgamation of the lists held by the countries mentioned in the report, i.e. Canada, EU members, Australia, Japan, Mainland China and Taiwan. If Hong Kong defined its own unique list of safe GM ingredients, this will cause many of the same issues regarding unique labelling legislation. The cost of testing would be very high both for the FEHD to

compile its list and for the importer to check all saleable products. This will lead to higher costs and thus retail prices and fewer choices of products for consumers. A unique to Hong Kong list that may take some time to compile may also have the effect of removing existing products from sale until the specific GM ingredients in them are deemed safe, thus affecting consumer choice.

It is also proposed that the FEHD will take food samples from the market for testing to ensure that only approved ingredients were present. The testing methodology and levels of detection and allowance will need to be ascertained in advance. For example, if traces of non approved GM ingredients were detected at levels of less than 0.1% this could have occurred through pollen wind drift or microscopic presence in grain silos. A realistic and defined level is required.

The proposals also include a standardization of negative GM claims. This will have a similar effect to unique labelling for Hong Kong and will restrict consumer choice and increase prices which will be detrimental to those consumers who want to avoid GM foods. We propose that any negative GM claim should be legally acceptable in the country of origin.

### Conclusion

In general, Hong Kong imports the vast majority of its food from countries all around the world. If Hong Kong decides to implement food labelling requirements that are unique or different from its major trading partners, this creates conflict. The ultimate result of this conflict is either higher product cost and retail prices due to increased testing and labelling or reduced choice for consumers because some products will disappear from sale. These products will no longer be sold due either to the higher costs as stated or due to an inability or unwillingness to comply to specific legislation by the manufacturer or importer. Therefore, in view of the scale of Hong Kong's market, the fact that the majority of food products are imported and that there is no international consensus, a unique nutritional or GM labelling format in Hong Kong on a mandatory basis is both impractical and costly.

We welcome the proposal for voluntary GM labelling and agree that the manufacturing trade should be encouraged to label voluntarily.

Regarding GM ingredients, requiring a pre-market safety assessment, the practicality of such a framework should be assessed in much further detail, particularly with regards to the cost of regulation to the FEHD and the risk of a lengthy approval process. Countries which use a pre-market assessment appear to domestically produce a large percentage of their food as opposed to Hong Kong which imports nearly 100% of its food. We

recommend a further impact study on this proposal. We also believe it would be practical to explore the possibility of granting a blanket approval for products from markets which demonstrate sufficient controls over nutritional and GM labelling.

I hope the above comments will be useful in assisting the Government's review on the subject. We look forward to be actively involved in the process of defining the guidelines of the voluntary GM labelling requirements.

In the meantime, should you have any queries, please do not hesitate to contact the undersigned at 2866 8311.

Yours sincerely,

*Anita Bagaman*

Anita Bagaman (Miss)  
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c.c. Mrs Selina Chow, Legislative Councillor, Wholesale & Retail.  
Dr Jacqueline Choi, FEHD.