



# HONG KONG RETAIL MANAGEMENT ASSOCIATION

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## **Presentation to LegCo Panel on Food Safety and Environmental Hygiene 10 May 2005**

### **Proposed Labelling Scheme on Nutrition Information**

(by Mr Jeff Shaw)

#### *Introduction*

I am Jeff Shaw representing the Hong Kong Retail Management Association (HKRMA). On behalf of the Association, we thank you for the opportunity to speak here on the Proposed Labelling Scheme on Nutrition Information.

In principle, the Hong Kong Retail Management Association supports a labelling guideline that helps consumers make informed decisions about the food that they purchase, with the goal of improving health standards of Hong Kong's citizens through better nutritional choices. However, we question the practicality of implementing such a scheme in a city of Hong Kong's size, and note that Hong Kong will be the only city in the world with its own labelling scheme.

The scheme's requirements exceed those of most of the largest nations of the world. The Government has continued to reference other countries which have implemented equally broad schemes, such as the United States, Canada and Australia, to demonstrate the scheme's feasibility. However, these countries domestically grow and manufacture most of their own food, and have great control over the supply chain. As such, there is negligible comparability to Hong Kong.

Hong Kong imports most of its food from abroad and has no control over the various labelling schemes in place. Rather than Hong Kong implementing a practical "lowest common denominator" scheme the

Government has created a unique scheme that will force complete relabelling of every packaged food product.

Perfectly good nutritional information that is accepted by the governments of the most advanced nations of the world will be covered up and/or replaced with a Hong Kong version that is close, but not identical to the existing nutritional information. This will be done at a significant cost.

We cannot understand why we could not adopt what's already in place in these advanced countries who have such schemes implemented. This will readily from the start cut back on a substantial portion of the prepackaged food that needs to be relabeled. For other key source markets like China and the EU where nutritional labelling is not mandatory, we could wait for such developments to materialize in time rather than having to jump into legislations at a significant cost and imposing a unique set of labelling requirements for Hong Kong.

It is also worthwhile to note the accuracy of nutritional labelling information given the inherently variable nature of many foods. The vast majority of consumers will not understand the nutritional information stated and hence education is vital if the Government wishes to reap the intended benefits of introducing this scheme.

Having voiced our concerns on the subject many times at every possible channel but failing to convince our Government the impact of such a regulation on the community, we clearly see that the Government is determined to push ahead with the scheme. Therefore, we take this opportunity to raise some practical concerns so as to enable its successful implementation:

1. It is worth noting that countries like the United States and Australia took years and even decades to implement their labelling schemes. The city of Hong Kong, with some of the most demanding labelling guidelines in the world and with little control over overseas food production and labelling, seeks to do this in four years. We request that the enactment of the new law be contingent on an implementation plan that has been developed with and approved by authoritative representatives of the relevant retail and wholesale trades. This will create responsibility for the Government to not only enact a law, but to also maximize the intended benefits by allocating resources to implement the law.
2. There will be a significant impact to Hong Kong in terms of jobs, price increases and the availability of foreign goods. In the RIA, the financial

impact has been assessed and compared to the decrease in medical costs, as well as the likely reduction in the number of retailing and wholesaling organizations. This will result in larger organizations getting stronger and vice versa. The effect will be perceived negatively by consumers and competition watchdogs who are already critical of the competitive situation in the food industry.

We request that relevant Legco Panels review the proposed legislation, in light of the financial implications as well as the trade barrier that is being created.

3. There will be a large number of unanticipated questions that will arise from the law. For example:

- Specific format, location and wording to be used on the labeling;
- A defence clause to protect retailers who unknowingly sell products that are improperly labelled;
- Exclusions based on package size, etc.;
- Testing protocols;
- Ongoing measurement of positive and negative consequences;
- Harmonization of future labeling requirement changes.

We request that these issues be fully identified and resolved prior to enactment of a law. Based on the time taken to create the current scheme, we anticipate that fully defining the details could take up a significant portion of the grace period and prevent successful implementation.

4. We believe packaged food labelling is a minor remedy to the growing health issues of Hong Kong's citizens. The major remedy is to educate the public about major lifestyle changes that will improve health and to provide resources to help implement these changes such as the need for stress reduction, increase in exercise and elimination of smoking, as well as changes to diet. With basic information, consumers can make healthier choices that will significantly improve their diet, such as to reduce consumption of fried foods, fatty meat, and high sugar foods. The Government acknowledges that 75% of food consumption is from restaurants and non-packaged food, and it is food from these areas that mostly create poor diets. It is important to note that any improvements in public health are likely to be from changes in lifestyle from changes in food consumed away from home, and that nutrition information on food packaging will have a relatively small impact.

We request that the Government deliver a public health plan that clearly identifies the role and impact of food labelling relative to other more significant factors.

Lastly, we reiterate our contention that the process used to develop the scheme largely serves the Government's interests and does not allow a fully informed public debate. The retail trade has the public's interest at heart, and will always support schemes that it believes will effectively improve the average person's life. The retail trade is also practical, and understands that Hong Kong by virtue of its small size and lack of domestic food sources, will always have to compromise in many areas such as food labelling. It is our belief that Hong Kong's low barriers to entry provide a rich and varied quantity of food to its residents, at good value prices. By raising the barriers to entry we will reduce choice and increase costs for the average person. This impact was noted in the public consultation, but was effectively whitewashed by the attention given to the great benefits of the scheme. It is virtually impossible for the average person to be critical of the scheme in any way, and it was not until the RIA was conducted long after the public consultation, that any meaningful negative impacts were quantified.

Thank You.

**Jeff Shaw**

**Chairman**

**Government Regulations Sub-Committee**

**Hong Kong Retail Management Association**

(key spokesman representing HKRMA on the subject of Nutritional Labelling)

The Hong Kong Retail Management Association (HKRMA) was founded in 1983 and is the major association representing Hong Kong's retail industry. For the past 20 years, the Association has played a vital role with a long term mission to promote the retail industry, to present a unified voice and lobby on issues that affect all retailers. The Association facilitates the exchange of information on issues common to the industry and aims to raise the status and professionalism of retailing through education and training.

The Association's current membership represents over 500 major retail chains covering more than 5,000 retail outlets and employing two-thirds of the total retail workforce in Hong Kong. Member organizations are engaged in various types of retail business ranging from department stores to supermarkets, convenience stores, drug stores, food, fashion and accessories, specialty stores as well as suppliers, wholesalers and industry related service organizations.