

HONG KONG
Suppliers Association **HKSA**

香港供應商協會有限公司

<http://www.hksuppliers.com.hk>

May 11, 2009

Hon. Fred Li Wah-ming, JP
Chairman of Panel on Food Safety and Environmental Hygiene
Legislative Council
8 Jackson Road, Central
Hong Kong

Dear Hon. Li,

Re: Trade's concerns on compliance with Nutrition Labelling Scheme

The deadline of July 1, 2010 for compliance with the Nutrition Labelling Scheme is approaching quickly. The problems on compliance that we have expressed at the Panel on Food Safety and Environmental Hygiene many times are beginning to surface.

Small Volume Exemption (SVE)

The major retailers have announced to suppliers that delivery of all pre-packaged foods must be in compliance with the Nutrition Labelling Scheme six months before the regulation takes effect. This means the deadline for suppliers to comply with the Nutrition Labelling Scheme is January 1, 2010, NOT July 1, 2010. FEHD have informed the trade that they will begin accepting application for registration of SVE in April 2010, three months after products cannot be sold unless they have SVE exemption or full compliance with the scheme.

SVE is already of very little use to the majority of small and medium suppliers because of the high cost for registration and nutrition claim is not allowed. If FEHD delays accepting application till April 2010 for whatever reasons, the SVE will be completely useless to suppliers since the deadline for compliance had moved up to January 1, 2010 by the retailers. The recent indication from FEHD on "taking application" from the trade by end of 2009 still do not provide enough time for the suppliers as explained earlier.

Our view:

Processing and approval of SVE application must be completed by October 1, 2009, three months before retailers cease to accept delivery without the proper nutrition label. This allows a little bit of time for the suppliers to clear stock in case the SVE is not approved by FEHD. It is beyond our comprehension that it is taking almost one year since the regulation was passed and a simple and straightforward SVE scheme is not ready for application. If the Administration fails to make a pledge on completing approval of SVE applications by October 1, 2009, we urge the Legislation Council to seek extension of Grace Period. In case the Administration cannot complete the SVE approval by October 1, 2009 and not granting extension of Grace Period, we urge the Legislative Council to seek

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explanation from the Administration because Tax Payer money will be wasted on implementing a useless SVE.

Laboratory issues

For confidentiality reasons, the names of laboratories and suppliers will not be released.

We have been questioning the capacity and capability of local accredited laboratories all along. In a recent Seminar on Nutrition Labelling Testing Methods organized by the Hong Kong Accreditation Service, it was mentioned that the number of products required testing is 65,000 items and the capacity of local accredited laboratory is only about 10,000 items per year.

The following are issues noted:

1. The local laboratories are indeed overloaded because nutrient analyses had been contracting outside of the local accredited laboratories to overseas, inclusive of China and Taiwan, laboratories for testing.
2. Suppliers reported and made grievance to our Association that more than one local accredited laboratories had been making analytical error of exceeding the legal permitted limit of 20% tolerance. The deviation from one sample to another could be as high as 100% for fat and in excess of 30% for sugar. Fat and sugar are relatively simple analyses, it may be interesting for the Panel to note that the analysis of functional fiber, which is required to determine actual available carbohydrate, are not available in Hong Kong.

In sum, there are both capacity and capability problems with local accredited laboratories that we have been telling the Administration and Legislative Council but ignored.

Time and Money

Suppliers are doing their best to prepare for the changes. Time is not enough. The deadline has moved up to January 1, 2009 for most suppliers to have their products ready with the correct nutrition label. It is just not enough time. Some large suppliers had indicated to us that some products will have to be sacrificed because they can only do so much and priority must be placed on having the label ready for large sales volume items. Additional money will have to spend on sticking label onto these large sales volume items since there is not enough time to print and produce with the new nutrition label on the products. For large sales volume, we are talking about sticking label onto tens or hundreds of thousand units per month per item. It is both expensive and environmentally unfriendly. All the clear air saved by EPD under the Plastic Bag levy and VOC regulation would not be enough to cover the emission and pollution generated by glue and sticker under the Nutrition labeling Scheme!

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We know it is a hopeless request, but we have to put it on record that "We request for an extension of Grace Period for an additional one year."

Inflation and Loss of Food Choices

One cannot expect a supplier or a retailer to provide reasoning on changes in product portfolio and prices for the obvious reason of protecting its business interest. We urge the Administration to commission a study on changes on price and food choice due to the nutrition labeling scheme so the public would know the true impact of the scheme.

Standard to follow

The Administration had provided guideline on compliance with the scheme. No matter how clear is the guideline, there is always difference in interpretation. Retailers are in the front line of being prosecuted if labels are not in compliance. To protect their interest, retailers have started reviewing and approving labels from suppliers. Some examples on just the labelling, not to mention the label's contents, being rejected are:

1. Label not 100% covered the old nutritional label
2. Label sticker covering nutrition table easy to remove
3. Label a bit transparent and the covered nutrient claim can be seen
4. Crossing out nutrient claim or nutrition information with marker not acceptable
5. Totally reject products with nutrient claim covered for the reasons that consumer may think the suppliers had something to hide

Thank you for your attention and I am sure that there will be many other issues arising as we come closer to year 2010.

Yours sincerely,



Albert Tang
Chairman, Hong Kong Suppliers Association

c.c.: Members of Panel on Food Safety and Environmental Hygiene

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