



# HONG KONG RETAIL MANAGEMENT ASSOCIATION

## 香港零售管理協會

**Presentation to Sub-Committee on Food and Drugs (Composition and Labelling)(Amendment) Regulation 2004**  
**3 June 2004**

### Food and Drugs (Composition and Labelling)(Amendment) Regulation 2004

The Hong Kong Retail Management Association (HKRMA), encompassing members of food retailers support increased information for consumers on food labels including information on allergens, additives etc. There is no difference of opinion between food retailers, the medical profession, Consumer Council & the government on this principle.

However, any change in food labeling regulations must be possible & reasonably practical to best serve the public interest.

1. Changes to food labeling regulations ahead or are different to our major supplying countries have extremely serious consequences for the consumer, food importers and food retailers in terms of consumer choice & cost because Hong Kong:
  - Is a very small market in global terms, and is smaller than most internationally recognized cities like New York and London.
  - Produces very little of it's own food.
  - Imports food from over 50 countries around the world.
  - Sells approximately 80% of the range of food items in packaging not specific for Hong Kong.
  - Most overseas food manufacturers are unwilling to produce food in specific packaging for such a small market.
2. Over 30,000 individual items are on sale by consumer demand and up to 80% of these will either have to be removed from sale or have unique individual stickers pre-printed, stocked and carefully applied to each individual pack. This must be done in such a way so as not to cover up any other statutory or consumer information on the pack which may not always be possible and certainly costly & unsightly. Individual stickers can only be obtained if the information required is available.

Many smaller or specialist food retailers may be forced out of business due to the cost of compliance and/or refusal of export sources to provide the information. Larger retailing and importing organizations will survive albeit with a reduced assortment of goods and higher operating costs due to label compliance. These costs will be passed on to consumers as price increases, which are currently difficult to estimate because of the lack of a Regulation Impact Assessment. An initial figure of HK\$250 million was estimated as the annual cost of applying labels to *all* non-HK-specific packaging. Therefore, the cost of labelling as required by the Amendment Regulation 2004 could potentially reach this level.

The reduction in assortment due to refusal to provide information is unknown, but this figure is estimated to be significant due to the difficulties in getting compliance from the thousands of manufacturers, exporters and importers in over 50 countries where Hong Kong imports its food from.

3. The Codex has not yet been implemented in the majority of countries that export to Hong Kong and given the above, it is not appropriate for Hong Kong to be a world leader in its implementation given the dynamics of Hong Kong's food supply.
4. The Trade is supportive of providing more information on food packaging to consumers in a workable manner, especially when it concerns issues of public health.
5. Regarding the Amendment Regulation 2004 specifically, we have the following concerns:
  - **Listing of Allergens** is not possible unless the supplying Country has already enforced such regulation. It is important to understand that removing all possible allergens from any food requires a major on-going investment by a food manufacturer and is a lengthy process which goes far beyond checking the ingredient list. All possible and/or incidental contamination with any given allergen at any point in the ingredient supply chain & manufacturing process must be ensured. This often involves using only ingredients specified to be allergen free, which by their very nature are more expensive than non-specified ingredients & may not be available in many countries supplying Hong Kong's food.

Many western Countries have already implemented this system & therefore importing products from these Countries should present no problems and indeed, in many cases this is happening already.

However the majority of food consumed in Hong Kong comes from countries that have not yet implemented this, e.g. Mainland China, Thailand, Malaysia etc. resulting in the fact that under the Amendment Regulation 2004, anyone selling any food from any such Countries would be at risk of repeated prosecution. It is simply not possible to determine whether or not a particular food item from such a Country contains any trace of any allergen at any particular point in time. Stopping the sale of any food from these countries is not a realistic proposition & is not in the public interest & would leave food retailers and consumers in an impossible situation.

Food retailers urge the governments of all Countries supplying food to Hong Kong to implement allergen listing as soon as possible after which time, Hong Kong could then successfully implement the Amendment Regulation 2004.

Hong Kong is not in a position to force other countries to implement such a scheme, although consumers who may suffer from food allergies could be advised to avoid food from Countries that have not implemented allergen listing.

- **Listing of Food Additive name or number & changes to additive functional class** would require a vast amount of individual stickers to be printed for those foods from supplying countries that do not have this regulation. This process will add cost which will ultimately be passed onto the consumer. Additionally, the wording of the regulation, i.e., 'listing' implies that the terms must be included in the 'list of ingredient's resulting in a unique sticker for each product bearing the whole ingredient list.

Most developed Western countries already have such regulation in place & therefore such information already exists on products they supply to Hong Kong. As with allergens, the problem lies with Countries (e.g. Mainland China, Thailand, Malaysia... etc) that have yet to implement such a regulation & unfortunately such Countries supply the majority of the volume of pre-packaged food sold in Hong Kong.

The Amendment Regulation 2004 should permit a separate sticker to detail the additive in question outside of the ingredient list allowing common stickers to be used for products with the same additive thereby

making this possible, although at a cost, which as said would ultimately be passed onto the consumer.

- **Adding DD/MM/YY** will need a longer lead-time than the proposed 18 months as many foods have a longer shelf life than this, e.g. many canned foods. We would suggest to use a production date lead-time as a solution to this.
- **Removing the exemption of Beer** from the Amendment Regulation 2004 (except ingredient list) will have far reaching consequences to the range of beer on sale in HK unless specific labels are pre-printed & applied involving cost & unsightliness. Currently, many beer labels are not in English &/or Chinese, e.g. Belgian beers which are very popular here. Some low alcohol wines, e.g. Vinho Verde & many sweet German, Spanish and French wines would need expiry dates.

Beer (& alcoholic strength of between 1.2% and 10%) should remain exempt from the Amendment Regulation 2004 as is (exempt from the whole of schedule 3, except paragraph 3) except for the addition of Best Before date as set out in paragraph 4. Although adding cost, this will provide consumers with useful information without affecting their choice. Low alcohol wines should remain exempt as current.

- **Removing the exemption of All Other Alcoholic Beverages (>10% alcohol)** from the Amendment Regulation 2004 (except ingredient list & expiry date) is a major concern. This would result in virtually every wine or spirit manufactured in any Country other than an English or Chinese speaking one (i.e., the majority of wines & spirits), e.g. wines from France, Italy, Spain, Chile, Argentina...etc would be outlawed unless unsightly unique stickers are preprinted & applied at a considerable cost. The Trade strongly believes wines & spirits should remain as presently exempted (exempt from the whole of schedule 3, except paragraph 3). There was no mention of including wines & spirits in the public consultation in 2000 & we do not believe this is in the public interest.

**In summary**, the HKRMA supports the principle of more information on food labels for the benefit of consumers, which is of particular importance when it comes to issues concerning public health. However, any changes to the existing regulation must be carefully considered and only introduced if possible & practical to implement, given the dynamics of Hong Kong's food supply chain.

Given the great concerns expressed by the trade on the issues in question, we request that sufficient time be allowed to fully understand the impact of the Food and Drugs (Composition and Labelling)(Amendment) Regulation 2004. We believe that in order to be able to do so, the proposed amendments should be part of the overall Nutritional Labelling Regulation Impact Assessment pending to take place in the coming months.

**Peter Johnston**

**Key spokesman representing HKRMA on the subject**

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.