

Update on the Development of the Labelling Scheme on Nutrition Information



Content

- ◆ Public consultation exercise results
- ◆ Public opinion survey results
- ◆ Regulatory Impact Assessment (RIA) results
- ◆ Revised proposal



Original Proposal 2003

- ◆ Energy plus 9 core nutrients, as well as any nutrient for which a claim is made
- ◆ Phase I: Prepackaged food with nutrient-related claims and / or any nutrition labels;
- ◆ Phase II: All prepackaged food (except exempted items); and
- ◆ Grace period
 - ✦ Phase I: 2 years after enactment
 - ✦ Phase II: 3 years after the implementation of Phase I



Public Consultation



Public Consultation

- ◆ Public consultation between Nov 2003 to Jan 2004;
- ◆ Two public forums
- ◆ District Councils (DC) Meetings
- ◆ Technical meetings with various sectors of the trade



Results of Public Consultation

- ◆ Received about 180 written submissions
 - ✦ general public (including Consumer Council): 63
 - ✦ patient groups: 3
 - ✦ trade and consulates: 30
 - ✦ health and allied-health professionals (dietitians, doctors, etc.): 80
 - ✦ LegCo Members and political parties: 4



Results of Public Consultation (Cont'd)

- Vast majority (N=134; 74%) of the submissions supported the proposal or other mandatory labelling scheme.
- The remaining submissions (N=24; 13%) had other views, such as: -
 - ✦ Proposed voluntary nutrition labelling, accepting source countries' requirements, mandatory nutrition labelling for prepackaged foods with nutrient-related claims only, reduced scope of nutrition labelling.



Results of Public Consultation (Cont'd)

- Of those commented on the timeframe, majority (N=41) suggested a shorter timeframe or requested the scheme to be implemented as soon as possible (all the submissions with this regard were from the general public, patient groups, professionals, LegCo members and political parties).
- A few submissions (N=5) from the trade proposed lengthening the grace periods.



Results of Public Consultation (Cont'd)

- 15 District Councils visited
- DCs generally supported the proposal
- Majority of DCs suggested speeding up implementation; and
- Some DCs were concerned about compliance costs.



Results of Public Consultation (Cont'd)

- Examples of reasons for support: -
 - ✦ an important tool for disease prevention or health promotion;
 - ✦ facilitate healthier choices;
 - ✦ consumers' right to know;
 - ✦ catch up with the international scene, etc.



Results of Public Consultation (Cont'd)

- Examples of concerns (mainly from the trade): -
 - ✦ costs to test and relabel products;
 - ✦ increase in food costs;
 - ✦ overseas food manufacturers may not repackage / relabel their products specifically for Hong Kong, as Hong Kong is a very small market; and
 - ✦ decrease in food choices.



Public Opinion Survey

- Conducted in January 2004
- ~95% of respondents supported NL
- ~87% considered nutrition information important
- ~81% said they would use NL if all prepackaged food would be labelled accordingly
- ~95% supported standardization of the format of nutrition labels for easy reference and to avoid confusion.



Regulatory Impact Assessment (RIA)



Regulatory Impact Assessment (RIA)

- ◆ In response to the requests from the trade and the comments received during the public consultation exercise, a Regulatory Impact Assessment (RIA) was conducted.
- ◆ Objective - To study the overall costs and benefits of introducing nutrition labelling to the society, including the potential benefits of lowering the overall health costs.



Regulatory Impact Assessment (RIA)

- ◆ Environmental Resources Management (ERM) was commissioned by the Economic Analysis and Business Facilitation Unit, Financial Secretary's Office to undertake the RIA study.
- ◆ Kick-off : July 2004
- ◆ Final report: April 2005



Options

Option	Phase I Approach	Number of nutrients
I		energy + 9 core nutrients
II	Labelling of prepackaged food with nutrient-related claim only	energy + 7 core nutrients
III	(Options I – IV)	energy + 5 core nutrients
IV		energy + 3 core nutrients
	Original Proposal	energy + 9 core nutrients
VI	Labelling of prepackaged food with nutrient-related claim and / or any nutrition labels	energy + 7 core nutrients
VII	(Options V – VIII)	energy + 5 core nutrients
VIII		energy + 3 core nutrients



Options (Cont'd)

Option	Core Nutrients
I and V	Energy + 9 (protein, carbohydrate, total fat, saturated fat, cholesterol, sugars, sodium, dietary fibre, calcium)
II and VI	Energy + 7 (protein, carbohydrate, total fat, saturated fat, sodium, cholesterol, sugars)
III and VII	Energy + 5 (protein, carbohydrate, total fat, saturated fat, sodium)
IV and VIII	Energy + 3 (protein, carbohydrate, total fat)



Nutrients and Chronic Diseases

Nutrient	Associated with
Energy	Obesity
Total fat	Obesity, cardiovascular diseases
Protein	Renal diseases
Carbohydrate	Obesity, diabetes
Sodium	Hypertension, renal disease, stomach cancers
Saturated fat	Cardiovascular disease, diabetes, breast cancers
Sugars	Obesity, diabetes, colorectal cancer
Dietary fibre	Hypercholesterolemia, cardiovascular disease, diabetes
Calcium	Osteoporosis



Business Stakeholders Contacted

Trade Association

- HK Food Council
- Chinese Manufacturers' Association of HK
- HK Retail Management Association
- HK Suppliers Association
- HK Small & Medium Enterprise Association
- HK and Kowloon Vermicelli & Noodle Manufacturing Industry Merchants' General Association



Business Stakeholders Contacted (Cont'd)

Major Supermarkets

- A.S. Watson / Park'n Shop
- City Super
- CRC
- Dairy Farm / Wellcome

Packaging and Labelling Firms

- Sims Trading
- Propack HK Ltd
- Sealed Air HK Ltd



Business Stakeholders Contacted (Cont'd)

Testing Facilities and Laboratories

- SGS Hong Kong Ltd
- CMA Testing and Certification
- The HK Standards and Testing Centre Ltd
- ACTS Testing Labs (HK) Ltd.



Quantification of Costs

- Relabelling costs
 - Testing costs
 - Lost products impacts
 - Administrative costs (including costs for establishing legislation, enforcement, education and promotion)
- Trade Costs*

* % of products required action to meet the proposed options:
For the most stringent options (I & V) > 99% of products
For the least stringent options (IV & VIII) >75% of products



Quantification of Health Benefits

Reduction in nutrient-related conditions identified by considering:

- Changes in labelling practices (comparing with baseline)
- Proportion of food consumed that is prepackaged
- Percentage of the population who would benefit
- Likely health effect of change in nutrient intake



Quantification of Health Benefits (Cont'd)

Quantified in monetary terms by considering:

- Savings from avoided public hospital admissions
- Savings from general physicians visits and medicines
- Savings from a reduction of lost productivity
- Savings from avoided premature deaths



Major Findings

- Significant health benefits are available from the implementation of a nutrition labelling scheme.
- For the options studied, the higher the number of core nutrients labelled, the higher the benefits compared to costs.



Major Findings (Cont'd)

- With the exception of the options to regulate only energy plus 3 core nutrients (i.e., Options IV and VIII), all the other options would present net economic benefits to Hong Kong.
- Options I & V appear to have notably higher net economic benefits to society.



Costs & Benefits of the Options Over a Period of 20 Years (Phase I & Phase II)

Option	NPV of Economic Costs (HK\$ million)	NPV of Benefits (HK\$ million)	NPV of Net Benefits (HK\$ million)	Benefit-to Cost Ratio
I (energy + 9 core nutrients)	1,858	10,031	8,173	5.4
II (energy + 7 core nutrients)	1,798	6,798	5,000	3.8
III (energy + 5 core nutrients)	1,549	5,863	4,314	3.8
IV (energy + 3 core nutrients)	1,368	830	-538	0.6
V (energy + 9 core nutrients)	2,013	11,077	9,064	5.5
VI (energy + 7 core nutrients)	1,944	7,461	5,516	3.8
VII (energy + 5 core nutrients)	1,671	6,360	4,688	3.8
VIII (energy + 3 core nutrients)	1,463	873	-590	0.6



Consultant's Recommendation

- Phase I
 - energy plus 5 core nutrients (protein, carbohydrate, total fat, saturated fat, sodium) as well as any nutrient for which a claim is made;
 - labelling of prepackaged food with nutrient-related claims only; and
 - a 2-year grace period



Consultant's Recommendation (Cont'd)

- Phase II
 - energy plus 9 core nutrients (protein, carbohydrate, total fat, saturated fat, sodium, cholesterol, sugars, dietary fibre, calcium) as well as any nutrient for which a claim is made;
 - all prepackaged food;
 - the timing of Phase II should be reviewed 1 year after implementing Phase I, mainly pending developments overseas; and
 - at least a 2-year grace period after announcing the implementation of Phase II .



Our Revised Proposal



Our Revised Proposal

Have taken into account of:

- ◆ Local health situation
- ◆ Codex and international practice
- ◆ Views collected from the public consultation exercise & technical meetings
- ◆ Results of the public opinion survey
- ◆ Results of the RIA



Our Revised Proposal

◆ Phase I

- ⊕ labelling of prepackaged food with claims only;
- ⊕ energy plus 5 core nutrients (protein, carbohydrate, total fat, saturated fat, sodium) as well as any nutrient for which a claim is made; and
- ⊕ a 2-year grace period before implementing Phase I.



Our Revised Proposal (Cont'd)

◆ Phase II

- ⊕ all prepackaged food, except those exempted;
- ⊕ energy plus 9 core nutrients (protein, carbohydrate, total fat, saturated fat, sodium, cholesterol, sugars, dietary fibre, calcium) as well as any nutrient for which a claim is made; and
- ⊕ Phase II will be implemented 2 years after the implementation of Phase I.



Justifications

- ◆ The revised proposal will present substantial net benefits to Hong Kong through savings in health care costs, avoided productivity losses and reduction of premature deaths.



Justifications (Cont'd)

- ◆ Phase I: energy plus 5 core nutrients: -
 - ⊕ initial compliance cost is lower than labelling energy plus 9 or 7 core nutrients in Phase I;
 - ⊕ compatible with the schemes implemented in quite a number of our key trading partners;
 - ⊕ benefit-to-cost ratio of our revised proposal is comparable to the options to label energy plus 7 core nutrients in Phase I; and
 - ⊕ labelling energy plus 5 core nutrients in Phase I still has considerable net benefits.



Justifications (Cont'd)

- ◆ Phase II: energy plus 9 core nutrients: -
 - ⊕ significantly higher net benefits and benefit-to-cost ratio; and
 - ⊕ options to label energy plus 7 and 5 core nutrients have the same and lower benefit-to-cost ratio.



Justifications (Cont'd)

- Revised proposal: -
 - strike the right balance between achieving our long-term public health objectives and helping the trade in adapting to the changes in the short run.



Next Steps

- Report to the LegCo Panel on Food Safety and Environmental Hygiene;
- Continue dialogue with the trade and the relevant professionals;
- Develop guidelines for implementation and exemption items;
- Draft the legislation; and
- Aim to introduce the legislative amendments to the LegCo in 2006.



Thank you

