NUTRITION LABELLING ON PREPACKAGED FOOD: IMPACT ON TRADE IN ASEAN

MEDIA COVERAGE REPORT

AS OF 9 APRIL 2018
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**ASEAN Food and Beverage Alliance (AFBA) launches new report:**
*Nutrition Labelling on Prepackaged Food: Impact on Trade in ASEAN*

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New study helps ASEAN harmonize nutrition labelling in prepackaged food

To assess how nutrition labelling on prepackaged food (PPF) affects trade in South-east Asia, the ASEAN Food and Beverage Alliance (AFBA) commissioned a study to identify the challenges and opportunities that harmonization of PPF nutrition labels might present for the region.

The new report: Nutrition Labelling on Prepackaged Food: Impact on Trade in ASEAN was developed by the University of Malaya in Kuala Lumpur. Dr Evelyn S Devadason, the report’s research consultant and author, launched the findings in a media briefing in Singapore last month.

Dr Devadason explained to Foodbiz Asia the significance of the findings to F&B manufacturing sectors in the ASEAN region. “The findings focus on what needs to be done next at the regional level, taking into consideration the concerns raised by industry, in light of the existing variances in the nutrition labelling schemes across ASEAN member states,” she said.

“The impact will depend on the next course of action following from this study as the specific intent of the report is to provide recommendations for the streamlining of the guidelines pertaining to nutrition labelling. If this can be taken up further and placed on ASEAN’s regional agenda, then some of the concerns of the industry can be addressed to facilitate trade.”

The report of the study highlighted the cost of complying with various nutrition label regulations in various ASEAN countries, as multiple costs are involved in complying with an introduction or change in legislative requirement in the ASEAN export market.

Moreover, complex nutrition labelling distorts trade, the report noted, as it imposes price and/or quantity effects, as well as increase the price of the product and results in market and product losses.

“Any attempt to streamline the existing guidelines would certainly facilitate trade. For now, regional trade in the PPF industry is operating below its potential level,” said Dr Devadason.

She added: “This report will be informative for third parties to understand the extent to which the industry is regulated and will provide insight into the breadth and diversity of the different nutrition labelling schemes in South-east Asia. They would then be better prepared to face the different regulations in each country if they were to export to multiple destinations in the region.”

Meanwhile, the Singapore Manufacturing Federation (SMF) said the findings and recommendations in the report would help boost business in the region. Sunny Koh, president of AFBA, chairman for Singapore, deputy president of SMF, and chairman, SMF F&B Industry Group, told Foodbiz Asia that the report highlights the costs incurred due to the existing labelling system, which is not harmonized. “As a result of different labelling systems, SMF members are required to print different labels for the same products in order to meet the local requirements of each market. This adds to business costs and reduces operational efficiency,” he said.

“The recommendations from the report on the harmonization of guidelines and proposed streamlining of voluntary measures will increase the ease of doing business in South-east Asia. This will enable SMF members, and indeed companies in the region, to grow domestically, as well as expand regionally.”

He concluded: “A harmonized labelling system in ASEAN will enable industry members to enter different markets more easily as existing regulatory hurdles related to labelling will be removed.”

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Exclusive: Three-step plan unveiled to achieve harmonised nutritional labelling in ASEAN

By Gary Scattergood
27-Feb-2018 - Last updated on 27-Feb-2018 at 08:13 GMT

The report, published by the ASEAN Food and Beverage Alliance (AFBA), found the region’s packaged food sector to be highly regulated, with 42.75% of the region’s non-tariff measures (NTMs) affecting the industry.

And despite many of the regulation being broadly similar, crucial, “nuanced differences in the labelling requirements prevail across the region,” noted the report.

“Specifically, regulatory incoherence is evident from the breakdown of the seven core elements of nutrition labelling. The non-harmonised labelling regulation and the high export coverage of labelling would therefore have profound implications for export performance of packaged foods.”

The report then surveyed 26 food exporters in Malaysia, Thailand, Philippines and Indonesia to gauge their views.
Their feedback revealed that reveal nutrition (function) claims and nutrition reference values (NRVs) in the region are more complex than the International Codex benchmark.

**Cost impact**

"Importantly, the inconsistencies in regulations are noted even for the established markets in ASEAN, such as Malaysia, Thailand, the Philippines and Indonesia," added the report, authored by Dr Evelyn S. Devadasan, an Associate Professor at the Faculty of Economics and Administration, University of Malaysia.

"Multiple costs are incurred in complying with nutrition labelling due to an introduction or change in legislative requirement in the ASEAN export market. Apart from the impact on business compliance costs, complex nutrition labelling schemes are found to distort trade through product price increases and/or market- and product losses."

Therefore, while most of the measures affecting the industry are non-tariff policies, the eventual impact is that they become a barrier to trade.

Despite this, the report found that not all firms surveyed supported mandatory nutrition labelling in ASEAN as a means to achieve harmonisation.

"However, all firms want some form of consistency in nutritional labelling, and therefore support the alignment of the guidelines with Codex and the harmonisation on grounds that common labelling schemes are needed to reduce compliance costs and address the existing information overload on nutrition for consumers for some food products."

**Three factors**

In order to move forward the report recommends three next step to boost trade.

First, it recommended that industry adopts a standard format, aligned to Codex, and identifies the minimum requirements within the code's basic nutrient list that should be made mandatory.

The second is to streamline Nutrition Reference Values as a priority across the region.

Thirdly, it calls for a consensus to be achieved around a standardised Nutrition Information Panel format and design, a common declaration list of carbohydrates, minerals and vitamins, and a common approach for functional claims.

The report concluded that ASEAN should nurture bottom-up approach, especially in dealing with the harmonisation or streamlining of technical requirements.

"At the regional level... input from the food industry is important to harness the concerns of the industry players and undertake regulatory changes that benefit the industry. Representation from the food industry... is essential to inform the discussion on the complexity of the regulations, the extent of incoherence in the regulations, and more importantly the minimum similarities in the requirements that would benefit the industry and facilitate regional trade."

The report will be officially launched in Singapore on February 28.
The study by Food Industry Asia and University Of Malaya assesses the impact of nutrition labelling in the prepackaged food (PPF) sector.

On 28 February 2018, the ASEAN Food And Beverage Alliance (AFBA) launched a report on Nutrition Labelling On Prepackaged Food: Impact On Trade In ASEAN, which called for stricter adherence to regional policies as well as consistency in labels.

Dr Evelyn Deavilson, research consultant and report author, comments: "This report demonstrates that the status of nutrition labelling in ASEAN is one that is characterised by inconsistency and complexity. To achieve the desired level of harmonisation which would benefit consumers and is supportive of regional trade and businesses, multiple factors need to be considered. From differentiating diets to varying health burdens and individual national approaches to nutrition definitions and labelling, much needs to be done, we hope that our findings will serve as a useful benchmark from which the important work and conversations about such harmonisation can embark from."

Likewise, YiFan Jung, head of science and regulatory affairs at Food Industry Asia, notes: "Food Industry Asia believes that the report provides a key reference to Governments and the private sector on how alignment on nutrition labelling on prepackaged food can be improved across ASEAN. With such harmonisation, we will be able to strengthen consumer protection, promote public awareness on nutrition, as well as ensure the commercial viability of the industry in the global trading environment. PPA remains committed to working with food companies and industry partners across Southeast Asia to enable the next steps that would take us towards harmonisation."

Moreover, Sunny Koh, president of AFBA (ASEAN) and chairman of Singapore Manufacturing Federation, concluded: "The pre-packaged food sector is a promising segment in regional trade but it is also highly regulated. This creates multiple incurred costs and distortion of trade if non-harmonised labelling persists. Harmonised labelling should be further reiterated through Trade Associations and Chambers (TACs) such as the Singapore Manufacturing Federation to its corporate members. Collectively, harmonisation can only be materialised to its real potential."

With 73 percent of consumers being confused by inconsistent labelling, it is important for manufacturers to ensure consistency in product labelling to gain consumer trust in the long run.
Impact of nutrition labeling on PPFs

The ASEAN Food and Beverage Alliance has released a report on the impact of non-harmonization of nutrition labeling on the prepackaged food and beverage sector.

The ASEAN Food and Beverage Alliance (AFBA) with the Food Industry Asia (FIA) recently launched a new report on nutrition labeling as a trade barrier faced by the prepackaged food and beverage sector (PPF).

PPF is a promising segment of the industry in the ASEAN, however non-harmonization of nutrition labeling, that is differences in labeling requirements among countries, is an obstacle to its growth.

To eliminate the barrier, AFBA sought recommendations through a study conducted by Associate Professor Dr. Evelyn S. Devadason and Associate Professor Dr. VGR Chandran Govindaraju from the University of Malaya. These are found in their report, “Nutrition Labelling on Prepackaged Food: Impact on Trade in ASEAN” launched in February 2018.

The report with micro- and macro level analyses presents the recommendations for the harmonization of nutrition labeling standards and suggests more inclusive dialog among ASEAN regulators, policymakers and industry players. It recommends member states to acknowledge the Codex guidelines that form the framework for nutrition labeling, and to ensure implementation as well.

While the food industry has been working in line with regional economic integration, the highly regulated environment of the industry poses challenges that impact mostly the small and medium enterprises, according to Sunny Koh, president of the AFBA and deputy president of the Singapore Manufacturing Federation.