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Nutrition Labelling and the Prepackaged Food Industry in ASEAN

The issue of regulatory incoherence in nutrition labelling for the prepackaged food industry in ASEAN has been widely recognized. This study, commissioned by Food Industry Asia (FIA, Singapore), investigates the economic impacts of nutritional labelling on the industry to forward specific interventions for regulatory convergence in the region.



Prepackaged food.

Copyright : Associate Prof. Dr. VGR Chandran A/I Govindaraju

Regulatory heterogeneity is identified as a challenge for increasing trade [1], harmonizing standards, and ultimately creating a single integrated Association of Southeast Asian Nations (ASEAN) market, which was a major objective in the formation of the ASEAN Economic Community (AEC) in 2015. One diverse regulation that governs the prepackaged food industry that has garnered much focus is nutrition labelling. The labelling regulations across the ASEAN Member States (AMS) rest on the different International Guidelines followed by Member countries when preparing national regulations. Kasapila and Sharifudin [2] point out that for food and nutrition labelling, Singapore, Malaysia, Brunei, Laos, Vietnam and Cambodia have followed the Codex guidelines in preparing their regulations. Conversely, Thailand and the Philippines, to some extent have adapted the United States (US) nutrition labelling guidelines. Even within those Member countries that adopt Codex, there are differences in their regulatory regime [3]. Malaysia makes nutrition labelling mandatory for energy, protein, carbohydrate, fat and total sugars for foods that are commonly consumed (bread and milk, canned meat, fish, vegetable, fruit and fruit juices, salad dressing and mayonnaise) and for various types of beverages [2, 4, 5]. For other ASEAN countries that follow the Codex guidelines, nutrition food labelling is voluntary, unless nutrition or health claims are made on food packaging or if the food is for a special purpose (diabetic and fortified foods).

Regulatory incoherence in nutrition labelling has been widely recognized. The ASEAN Food and Beverage Alliance [4] identified nutrition labelling as the most significant barrier faced by the industry for food trade in ASEAN. AFBA listed four core variances in nutrition labelling as follow: variances in mandatory and voluntary labelling requirements; variances in nutrition reference values (NRVs) used for packaging claims and nutrition information panel (NIP) formats; different minimum and maximum limits for vitamins and minerals; and variances in

tolerance levels.

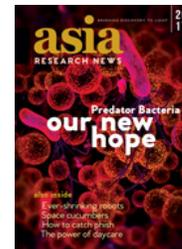
Variances in nutrition labelling (requirements and format) within the region will indeed pose difficulties to exporters. It represents increased compliance costs to firms as they have to pay multiple product adoption costs that are related to many national standards. Regulatory compliance costs could be subsequently passed on to consumers in the form of higher food prices. Further, it is uncertain whether these costs are necessary as some of the more stringent labelling guidelines in specific markets may be used solely as discriminatory non-tariff barriers (NTBs). In this respect, harmonization (at least at the regional level) is necessary to preclude multiple compliance costs and arrest discriminatory / protective regulations. However, to inform the debate on the importance of regulatory convergence for nutritional labelling, it is crucial to assess the economic impacts of nutritional labelling on the industry. One of the key approaches of our study, commissioned by the Food Industry Asia (FIA, Singapore), is the quantitative macro assessment of the impact of labelling requirements in AMS on regional exporters. This is complemented with a micro firm-level survey on the costs incurred by exporters that can be established and benchmarked to the average firm. The assessment will emphasize the importance for the government to go ahead with the harmonization process of nutritional labelling at the regional level. This study will also forward specific interventions for regulatory convergence based on segments of the prepackaged food industry and appropriate benchmarking of nutritional labelling.

Though much has been said about the restrictive nature of nutrition labelling, there has been no study, to the best of our knowledge, which documents the trade, price and other economic losses (markets and products) of this regulation in the ASEAN context. ASEAN, to date, has largely focused on the restricted use of certain substances in foods and feeds and their contact materials (sub-chapter A22 of the non-tariff measure classification), while the issue of streamlining measures related to nutrition labelling has taken a back seat. The importance of having common labelling schemes is supported by other research that mandate the prohibitive costs of labelling: "on average, it costs food companies up to USD\$6,000 to update the label for each product or SKU (stock keeping unit)" [6]. Further, there are reasons to believe that there is existing information overload on nutrition for consumers for some food products. In this regard, micro-evidence is needed to inform the debate on the economic impacts of nutrition labelling per se, as general

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trends in labelling requirements mask the nuanced differences in the nutrition labelling regulatory framework across the AMS. In short, the devil is in the details!

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Example of nutrition labelling.
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AFBA - South East Asia national associations involved in the manufacture, distribution and sale of food and beverage products.

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Journal information

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