



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - public distribution

Date: 7/18/2008

GAIN Report Number: HK8017

Hong Kong

FAIRS Subject Report

Hong Kong Passed Nutrition Labeling Regulation

2008

Approved by:

Philip Shull

U.S. Consulate, Hong Kong

Prepared by:

Caroline Yuen

Report Highlights:

The market access of thousands of U.S. prepackaged food and beverage exports to Hong Kong is threatened by Hong Kong's recently passed nutrition labeling regulation, which will take effect on July 1, 2010. Some retailers have already suspended imports of new U.S. products with nutritional claims, while others are taking a "wait and see" approach. The legislation as currently written will affect hundreds of millions of dollars in U.S. prepackaged exports, hitting hardest the fastest growing categories of health, organic, and snack foods. Hong Kong is currently the 9th largest market for U.S. grocery exports, with sales in 2008 running 77% ahead of 2007 levels, and on track to reach \$1 billion by the end of the year. The regulation requires all prepackaged food sold in Hong Kong have to label energy plus seven nutrients. Products selling less than 30,000 units a year can apply for an annual fee-based small volume exemption provided that the products do not carry any nutritional claims. Hong Kong's nutrition labeling regulation is unique, meaning all imported foods making nutritional claims from all sources will have to be re-labeled for the Hong Kong market. While the U.S. requires the labeling of 15 nutrients + energy, products manufactured for the U.S. do not meet with the Hong Kong nutrition labeling requirements due to different nutrient definitions, rounding practices, and recommendations for daily consumption. Virtually all U.S. and competitor products carrying claims will require labeling changes and/or nutrient testing. The trade estimates the impact of the regulation will be a significant reduction in the variety of goods in the market, especially new-to-market products. A coalition of government, industry, and consumer representatives will continue to work with the Hong Kong government to reduce the negative trade impact of this legislation.

Includes PSD Changes: No
Includes Trade Matrix: No
Annual Report
Hong Kong [HK1]
[HK]

The market access of thousands of U.S. prepackaged food and beverage exports to Hong Kong is threatened by Hong Kong's recently passed nutrition labeling regulation. Some retailers have already suspended imports of new U.S. products with nutritional claims, while others are taking a "wait and see" approach. The legislation as currently written will affect hundreds of millions of dollars in U.S. prepackaged exports, hitting hardest the fastest growing categories of health, organic, and snack foods. Hong Kong is currently the 9th largest market for U.S. grocery exports, with sales in 2008 running 77% ahead of 2007 levels, and on track to reach \$1 billion by the end of the year. The U.S. is Hong Kong's second largest supplier of food.

Hong Kong's Legislative Council on May 28, 2008 passed the nutrition labeling regulation which will take effect July 1, 2010. Hong Kong nutrition labeling regulation requires all prepackaged food sold in Hong Kong have to label energy plus seven nutrients namely, protein, carbohydrate, fat, saturated fat, trans fat, sodium and sugars. Products selling less than 30,000 units a year can apply for small volume exemption provided that the products do not carry any nutritional claims. Traders applying for exemption have to pay HK\$345 (US\$44) per product variety for the first year and HK\$335 (US\$43) for annual renewal.

Hong Kong's nutrition labeling regulation is unique, meaning all imported foods making nutrition claims from all sources will have to be re-labeled for the Hong Kong market. Despite the U.S. requires the labeling of 15 energy/nutrients, U.S. products still cannot meet with the Hong Kong nutrition labeling requirements due to different nutrient definitions, rounding practices, and recommendations for daily consumption. Virtually all U.S. products carrying claims will require labeling changes and/or nutrient testing.

In fact, Hong Kong's nutrition labeling requirements are stricter than Codex recommendations, and no major food supplying countries have nutrition labeling requirements equivalent to Hong Kong's new regulation. Thus, all imported foods making nutrition claims from all sources will have to be re-labeled for the Hong Kong market.

It is estimated that there are currently 65,000 packaged products in the market. According to the Hong Kong government's accredited laboratory directory, there are 15 laboratories in Hong Kong which conduct food testing and only 5 of which perform nutrient composition analysis. The nutrient testing for each food sample costs around HK\$5000 (US\$643) and will take 2 weeks' time. Sources indicated that major retailers have notified their suppliers that they would only accept products with nutrition labels complying with Hong Kong's new regulation after July 1, 2009, one year earlier than Hong Kong government's enforcement date. It is questionable whether Hong Kong's laboratory capacity can allow the sudden surged demand for food composition testing.

Foreseeing the huge adverse impact on U.S. exports, ATO has lobbied hard in the past 18 months for a more flexible Hong Kong nutrition labeling scheme. We asked for more flexibility in the new regulation. While these efforts resulted in significant changes to the original proposal, products making nutritional claims from the U.S. and all other suppliers still face major and often insurmountable economic and administrative challenges. This is especially true for new-to-market products.

In the light of the concerns expressed by various parties, the Hong Kong government, just a few days before the vote on the regulation in the Legislative Council, agreed to extend the nutrition labeling exemption to small sales volume (i.e. not exceeding 30,000 units per year) products carrying claims. On May 28, however, this amendment was voted down by a single vote.

The trade estimates the impact of the regulation will be a significant reduction (about 25,000 products) in the variety of goods in the market, especially new-to-market products. A coalition of government, industry, and consumer representatives will continue to work with the Hong Kong government to reduce the negative trade impact of this legislation.

Given below are some key areas that U.S. labels cannot comply with Hong Kong's nutrition labeling requirements. Details of the regulation are contained in the Technical Guidance Notes on Nutrition Labeling and Nutrition Claims, which are available at http://www.cfs.gov.hk/english/food_leg/food_leg_nl_guidance.html. Further supplementary information will be provided in the form of FAQ on the Hong Kong government's Center for Food Safety website - <http://www.cfs.gov.hk/eindex.html>

1) U.S. products carrying claims on vitamins and minerals need to label claimed vitamins in absolute value per 100 gm or per serving size, if they are to be sold in Hong Kong. The U.S. labeling law requires vitamin and mineral content to be labeled in percentage of minimum daily requirement while Hong Kong requires all claimed nutrients to be labeled in absolute value.

2) U.S. and Hong Kong have set different conditions for making nutritional claims. For example, Hong Kong's standard for "low fat" is 3 gm per 100 gm of food, while the U.S. standard is 3 gm per serving. Therefore, a "low fat" U.S. product may not be allowed to make a low fat claim if it is to be sold in Hong Kong.

3) U.S. and Hong Kong have set different definition of zero for various nutrients. For example, Hong Kong's zero definition of transfat is 0.3 gm/100 gms, while the U.S. is 0.5 gms/serving. Therefore, a "0 transfat" on the nutrition panel of a U.S. product may violate Hong Kong's nutrition regulation if it is to be sold in Hong Kong.