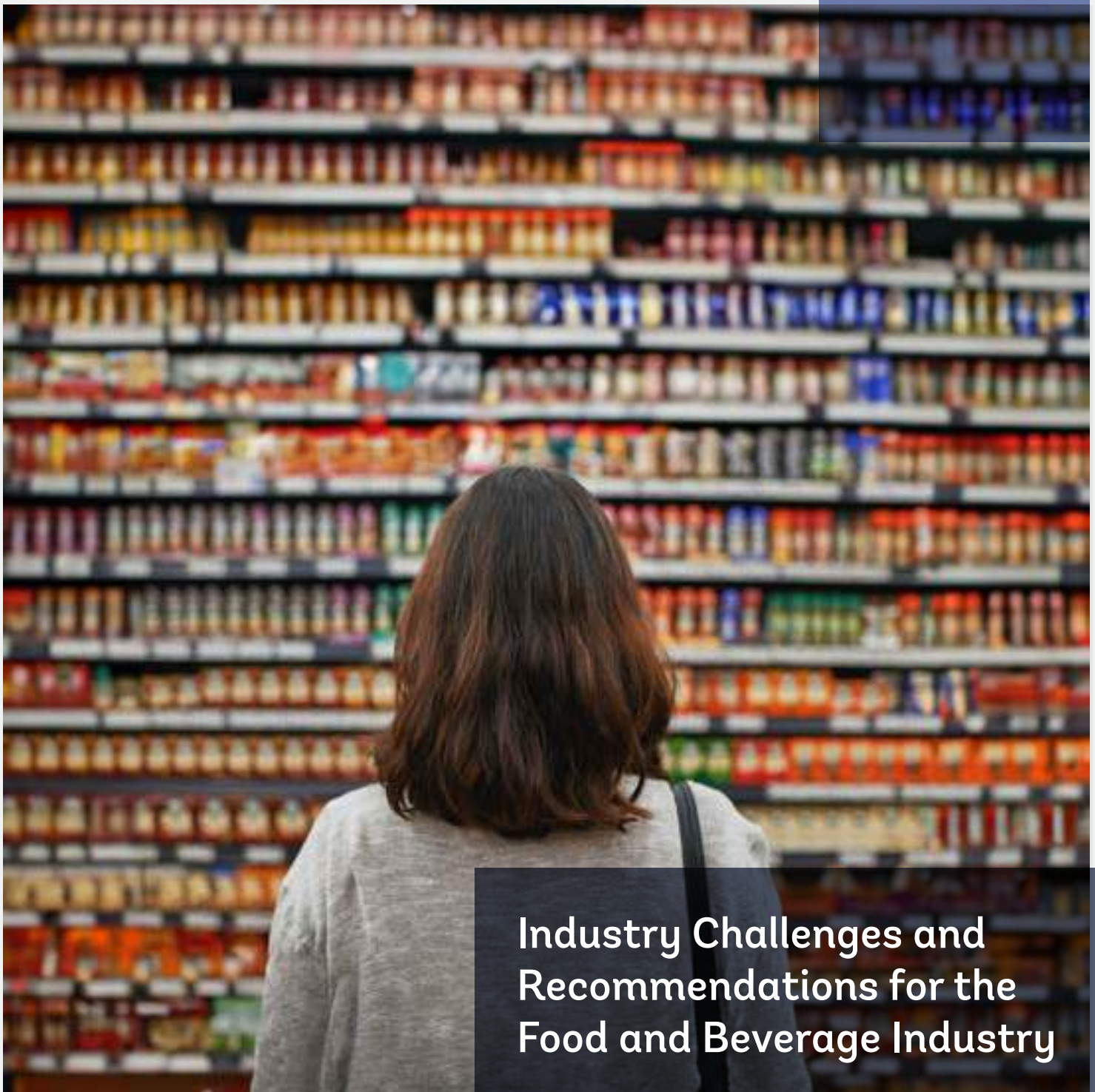


ENHANCING FMCG COMPETITIVENESS IN ASEAN



2024



Industry Challenges and
Recommendations for the
Food and Beverage Industry

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FOREWORD

The Fast-Moving Consumer Goods (FMCG) sector is a key contributing to the economic growth and development in ASEAN region. Especially as represents dynamic market that continues evolve response consumer demands, regulatory changes, global trends. That said, food beverage industry, critical segment within FMCG, has been increasingly facing challenges it strives meet needs of diverse growing population.

This paper, "Enhancing FMCG Competitiveness in ASEAN: Industry Challenges and Recommendations for the Food Beverage Industry" is first report published by Council, covering industry. The paper provides an analysis of key issues impacting sector. It delves into regulatory challenges, such as need a harmonised Front Back Package Labelling (FoPL & BoPL) system, implications varying Graphic Health Warning Labels (GHWLs) on alcoholic beverages, alternative approaches adopted to encourage ASEAN citizens "consume healthy".

Some of the key highlights covered in this report is call for a harmonised standards on both FoPL and BoPL system across ASEAN, exploration non-tax incentives to encourage product reformulation, fostering partnerships between industry stakeholders public health entities implement effective education campaigns.

We acknowledge that taxation, particularly on High Fat, Salt & Sodium (HFSS) products remains a contentious issue. We take this opportunity to emphasise taxation should only be considered as last resort. Alternative measures thoroughly explored achieve health objectives and promote consumer awareness before resorting taxation.

As we navigate the complexities of modern marketplace, this paper serves as a document for policymakers and industry leaders ideas. It is call to action collaborative efforts that aims harmonise FMCG - in particular F&B standards across ASEAN, continue serving needs consumers, take into consideration well-being purchasers, streamline processes sellers, position ASEAN sector leader global economy.



Chris Humphrey
Executive Director
EU-ASEAN Business Council

INTRODUCTION

In 2024, ASEAN is home to more than 650 million citizens. Currently accounting for nine per cent of the global population. ASEAN is undeniably a big market for the Fast-Moving Consumer Goods (FMCG) sector, a business area encompassing food, beverages, personal and home care, with ASEAN forecasted to be amongst the 10 largest consumer markets in the world by 2030.

Country	No. of Consumers
China	1,062,294,436
India	772,929,623
ASEAN	671,680,000
United States	348,393,863
Brazil	135,902,978

Table 1. ASEAN forecasted to be top 10 consumer markets in the world by 2030¹²

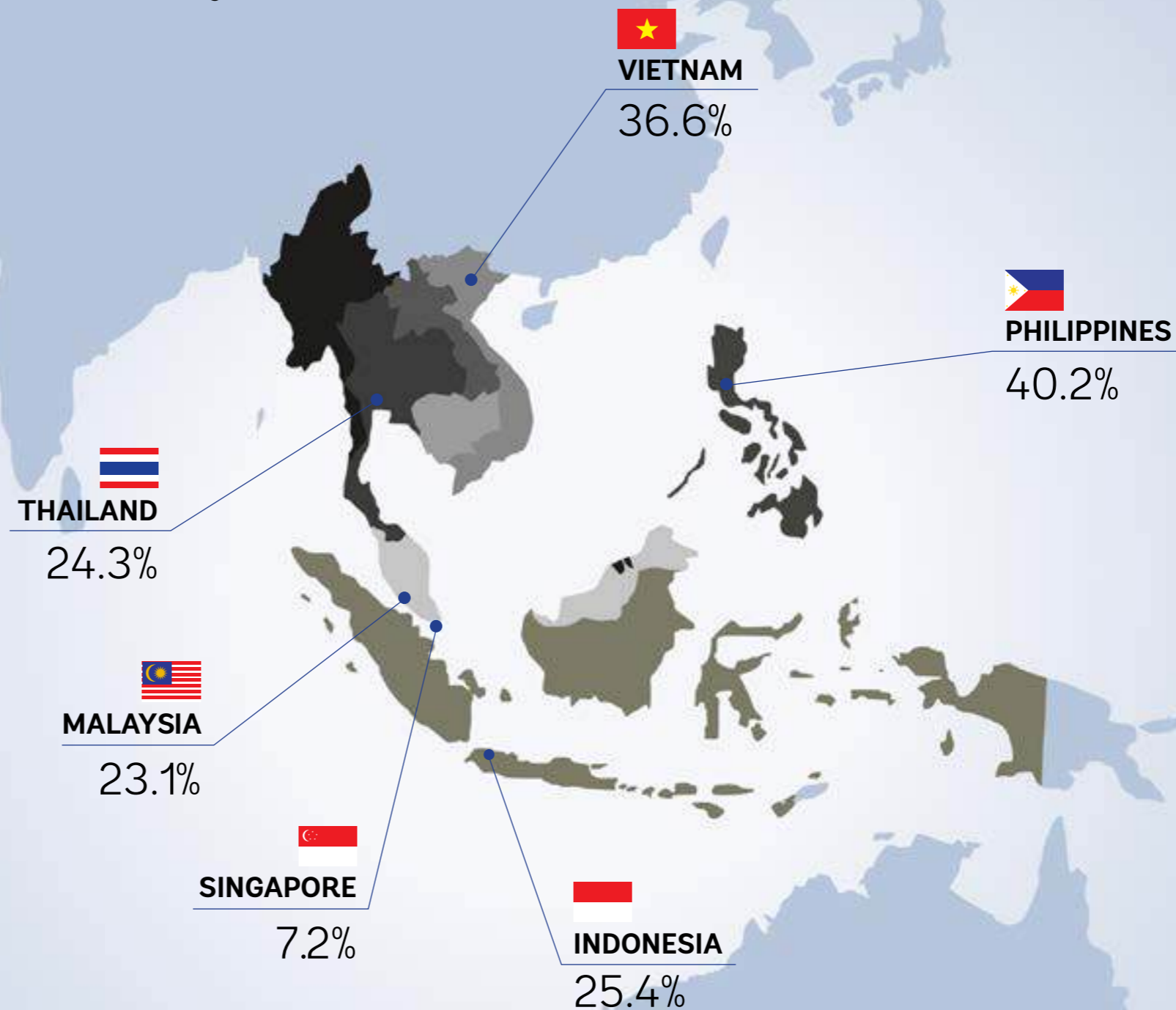
While FMCG products are broadly categorised into three main segments – food & beverages; personal care and toiletries; household and cleaning items, the nature of the items remains the same. They are manufactured, packaged, and sold quickly at an affordable cost.

Given the high-volume sales and quick inventory turnover of products, the FMCG sector is a vital component of the global economy. This has been particularly noticeable amidst ASEAN's growth and improving economic conditions, which have spurred increased expenditure by the expanding middle class on consumer goods. In 2030, consumer expenditure as a percentage of Gross Domestic Product (GDP) is predicted to reach 26.9% in ASEAN.

Further to the contribution to the GDP through the export and sales of goods, the FMCG industry also serves as a major job creator, employing millions of individuals across ASEAN member states (AMS), both directly and indirectly. Due to its expansive nature – from manufacturing facilities to distribution networks – the FMCG sector is, by default, exposed to numerous challenges: from regulatory complexities to logistical bottlenecks, down to evolving consumer dynamics and behaviours. These are just some of the significant hurdles present for FMCG companies seeking to navigate the intricacies of cross-border trade, supply chain management, and regulatory compliance across ASEAN.

Projected Consumer Expenditure as % of GDP in 2030	
Rest of ASEAN	22.6%
ASEAN	26.9%

Table 2. ASEAN consumer expenditure as % of GDP³



SUMMARY OF CHALLENGES

1



NUTRITIONAL LABELLING

Nutritional labelling (both Front of Package Labelling (FoPL) and Back of Package Labelling (BoPL)) have limitations, in particular, too much information being presented in a not easily digestible format. The differing criteria, including language and nutrient reference values (NRVs), across ASEAN Member States are also an added barrier for manufacturers to fulfil on BoPL and FoPL.

2



GRAPHIC HEALTH WARNING LABELS

Alcoholic beverages face increasingly stringent, and oftentimes varying, requirements such as the display of Graphic Health Warning Labels (GHWLs) on products based on different markets.

3



TAXATION

Despite the acknowledgement that reformulation as a means is crucial to ensuring healthier F&B are available across ASEAN, products reformulated with non-sugar sweeteners remain subject to taxation in some countries, irrespective of the role they play and the benefits they have.

KEY RECOMMENDATIONS

By highlighting the key barriers faced by the FMCG members across the region, and by providing the key recommendations to address these, this paper aims to inform stakeholders, policymakers, and industry actors alike on strategies that can be adopted to enhance competitiveness, resilience, and sustainability within the FMCG ecosystem for the benefit of consumers.

1

DEVELOP A HARMONISED, SCIENCE-BASED APPROACH ON LABELLING

- Establish a balanced Front of Package Labelling (FoPL) system that considers both nutrients to encourage and those to limit, such as Health Star Rating.
- Adopt the use of QR codes on the Back of Package Labelling (BoPL) to enable digital provision of information that:
 - Act as an alternative to the GHWLs and encourages responsible consumer choices.
 - Provide comprehensive and up-to-date information about products in various languages.
 - Takes into account different regulatory requirements of individual AMS to lower cost to consumers.

2

REVIEW THE APPLICATION OF TAXES ON SBB & EXPLORING ALTERNATIVES⁴

This consideration should include:

- Efforts by producers on reformulating and/or repackaging of products.
- Exploring non-tax incentives for food and beverages with incrementally reduced sodium, sugars and fat.

3

IMPLEMENT AND ENCOURAGE PRODUCT REFORMULATION BASED ON SOUND SCIENCE TO DELIVER BENEFITS FOR PUBLIC HEALTH

- Acknowledge and reaffirm the importance of reformulated food products in providing better quality food options for consumers.
- Partner with industry and introduce education campaigns to encourage healthier living and explore alternatives to encourage consumers to opt for healthier food and beverage options and boost consumer ability to make healthier choices.
- Heighten the awareness of the safety and role of critical reformulation tools, such as non-sugar sweeteners.

CHALLENGE 1A

FRONT OF PACKAGE LABELLING: NUTRI-GRADE LABELS

FMCG members of the Council are dedicated to providing clear and transparent information about the product composition of food & beverages marketed. This commitment aligns with the principles of the Front of Pack Labelling (FoPL) initiative, which aims to empower consumers with easy-to-understand nutritional information, enabling them to make healthier food choices.



FoPL Nutritional Labelling was first introduced in the late 1980s to aid consumers in quickly identifying nutrition information about food and beverage (F&B) items that are deemed less nutritious. These labels are prominently featured on the front of packaged F&B products and are endorsed by the World Health Organisation (WHO) and CODEX International Food Standards for governments to develop and adopt.^{5,6}



Front-of-pack labelling (FoPL) is an important policy tool for countries to help consumers to make healthier food choices.

- The primary aim of the FoPL is to provide simplified information to aid consumers' understanding of the nutritional value of their food⁷
- With a secondary aim to stimulate reformulation among food producers to improve the quality of the food supply⁸

There are a number of FoPL systems that have been adopted across the globe. At the time of writing, AMS adopts a variety of the systems with no harmonisation on one particular standard for FoPL. Some of the major types of FoPL systems are reflected below:

ENDORSEMENT LOGO <i>(Summary Indicator)</i>		ALGORITHMIC APPROACH <i>(Summary Indicator)</i>	
	Healthier Choice Symbol/Logo		Health Star Rating
	Various nutrient levels are assessed (in combination where relevant) to give an overall assessment of absolute healthfulness ⁹		Nutritional profile calculated is based on six major nutrients present in product: sodium, energy, sugar, saturated fat, fibre, and protein ¹¹
	Brunei, Indonesia, Malaysia, Singapore, Thailand		Australia, New Zealand
GRADE SCALE <i>(Summary Indicator)</i>		INTERPRETIVE LABEL <i>(Nutrient Specific Indicator)</i>	
	Nutri-Grade Labelling		Traffic Light Label
	The grading is based on sugar and/ or sat. fat content per 100ml of beverage. If a product contains both nutrients (e.g. dairy), the lower grade of either will determine the grading ¹⁰		Both positive and negative evaluative judgements of products based on assessment of nutrients ¹²
	Singapore		United Kingdom

While the implementation of the FoPL system is well intentioned to encourage consumers to “consume healthily” and is further categorised by WHO as a “best buy” strategy in NCD prevention, it possesses its shortcomings.¹³

To illustrate, the Nutri-Grade System in Singapore since 2022 places a sole emphasis on sugar content and saturated fat content while failing to take into account other elements present in the product before a grade is awarded.¹⁴

Country	Back of Pack Labelling	Front of Pack Labelling
Indonesia	✓	✓
Malaysia	✓	✓
Philippines	✓	✓
Singapore	✓	✓
Thailand	✓	✓
Vietnam	✓	✓

Table 3. Food Labelling Regulations Status across select AMS

⚠ Other Criticisms Of The Nutri-Grade System¹⁵

1 Oversimplification

Reducing nutrition to a colour-coded panel does not give consumers sufficient information to make an informed choice.

2 Specific needs

Current Nutri-Grade calculations are not tailored to the particular nutritional needs of different consumer groups – for example, young children, who need more fat in their diet than adults.

3 Discriminatory¹⁶

The Nutri-Grade system only considers beverages. Assuming they refer to the FoPL, labelling foods as well as beverages would give consumers a more comprehensive understanding of the products they are buying and allow them to compare products within as well as between categories.

✓ Nutri-Grade Labels: A Stride Forward

Despite the Nutri-Grade working with a relatively narrow bandwidth of nutrients - only saturated fat and sugar – the system has proven its potential as an effective food grading system to improve diet quality of shopping baskets.¹⁷

A study by Duke-NUS Medical School found that 89% of participants would use a Nutri-Grade type label if it were displayed on food products, showcasing its wide acceptance amongst consumers.¹⁸

Further Harnessing the Potential of the Nutri-Grade Labels

To harness its potential, Singapore has enhanced the Nutri-Grade Labels by expanding its focus, to include a range of items, from pre-packaged beverages to all food categories.

This expansion is intended to aid in reducing consumers' sugar consumption from various food and beverages to improve the overall diet quality, instead of having a sole focus on beverages.

NUTRI-GRADE: A Case of Oversimplification?^{19,20,21,22,23}

Undeniably, milk is a nutrient-dense class of liquid that is a major source of dietary energy, high quality protein and fat.²⁴

As identified by the Food and Agriculture Organisation (FAO), in addition to being a good source of nutrition “in all stages of life”, milk and dairy products are crucial in tackling hunger and food insecurity.²⁵

Apart from the benefits above, a 250ml glass of whole milk from cows can also:

- Maintain bone density, reducing risk of osteoporosis & bone fractures
- Promote muscle growth
- Provide the nutrients Calcium, Magnesium, Selenium, Vitamin A, B & Vitamin D
- Boost immune system
- Provide protection against chronic diseases such as obesity and Type 2 diabetes
- Provide people from various age groups with various nutritional benefits

Unfortunately, under the “Nutri-Grading system”, only e.g., water, black coffee, unsweetened tea, flavoured sparkling water, and skimmed milk can receive an “A” grading. Other beverages such as low-fat milk and whole milk, despite being a nutrient-dense class of liquid (high in calcium, magnesium, vitamin B12 and B5, as well as being a main source of protein), is classified as grade B or C by default, due to the presence of saturated fat.²⁶



This example illustrates the problem of “oversimplification” that the Nutri-Grade system has on products. Henceforth, there is a need to review the application Nutri-Grade system, especially on nutrient dense beverages such as milk. There is a need to reconsider awarding beverages like milk with a Nutri-Score of “A” grade in consideration of its nutritional benefit to people from different age groups.



CHILDREN

- Calcium in milk is required for bone and teeth formation
- Phosphorus in milk works alongside calcium to maintain tooth strength
- Fortified milk reduces the risk of anemia



ADULTS

- The proteins in milk and milk-derived products have beneficial hypotensive effects
- Milk and dairy consumption are associated with reduced arterial stiffness
- Consumption of milk and yogurt is associated with a substantially reduced risk of stroke and type 2 diabetes



ELDERLY

- Magnesium in milk contributes to some 13% to diets of elderly, which helps with the preservation of skeletal muscles to reduce Sarcopenia
- Whey protein in milk is rapidly digested and absorbed, leading to greater muscle protein synthesis which also aids in reducing Sarcopenia

RECOMMENDATION 1A

DEVELOPING A HARMONISED FOPL SYSTEM ACROSS ASEAN

To prevent the case of a potential conflict arising from the dual deployment of the FoPL system, per the Guidelines set out by CODEX, “only one Front of Package Nutrition Labelling (FOPNL) system recommended by government in each country”.²⁷



Principle 2: A single system should be developed to improve the impact of the FOPL system.

Excerpt 1. Principle of the One FoPL System²⁸

Developing a new FOPL system
The development of a new system may be appropriate where there is strong disagreement about the use of any existing systems, or where these existing systems do not align with the country-specific aims, scope and principles of the FOPL system or the country context.

Excerpt 2. Creation of an FoPL System if Disagreements Arise

Which FoPL, then, should be adopted? Given the lack of agreement on the existing FoPL system, the Council, as per the recommendation by CODEX (per Excerpt 2), proposes the following:

Developing a new, harmonised FoPL system, upon consultation with policymakers and industry, that can be adopted across ASEAN to form a harmonised standard for the FMCG industry.



In addition to recommending the use of a single FOP nutrition labelling system per country, the Codex Guidelines on Nutrition Labelling (CXG 2-1985) also recommends that FOP labels ‘present information in a way that is easy to understand and use by consumers in the country or region of implementation...’²⁹.

At present, the Health Star Rating would be the closest label for adoption across ASEAN Members States given its non-discriminatory nature. Nonetheless, the Council firmly believes that following the principles in the creation of a unified FoPL system, upon consultation with

policymakers and industry, will aid ASEAN in meeting public health objectives, and overcoming the issue of conflicting standards, reduce technical barriers to trade, prevent leakages into other markets, and ensure consumers across ASEAN access information that is uniform across Member States, minimising discrepancies and misleading information to aid consumers in making an informed choice. Further, it has the added benefit of lowering cost to consumers as the manufacturing standards are unified, thereby lowering production costs to producers which are translated into cost savings for buyers.

CHALLENGE 1B

FRONT OF PACKAGE LABELLING: GRAPHIC HEALTH WARNING LABELS

Further to the FoPL system that assess products solely based on sugar content, Thailand, for example, has recently rolled out plans under the Notification of Alcoholic Beverages Control Re: Rules, Procedures, and Conditions for Labels of Alcoholic Beverages to introduce a new regulation that would require producers of alcoholic beverages to adorn beer, wine, and spirit bottles with Graphic Health Warning Labels (GHWLs) on their packaging.³⁰



Illustration 1. Sample of GHWLs to be placed on alcoholic beverages per the Draft Notification³¹

NEW REQUIREMENTS

GHWLs must cover at least one third of the packaging

GHWLs must be accompanied with text warnings that warns public of the dangers of excessive drinking

While such regulatory approaches aim to mitigate the occurrence of harmful drinking, mandating large, graphic images to be plastered on products have not been proven to be an effective tool in curbing the consumption of alcohol.³² On the contrary, it is disruptive to consumers, and pose the following threats:

1 Increase in Production Cost

Passed on from manufacturers to consumers.

2 Proliferation of Counterfeit Goods & Illicit Trade

Imposing additional restrictions on producers may also result in the discontinued sale of products in the country of enforcement. Consumers might turn to illegal markets and unverified sellers for a cheaper alternative. Should this happen, more resources will need to be invested into suppressing illicit trade and counterfeit products.

3 Environmental Degradation

As consumers are becoming more environmentally conscious, and sustainable practices and operations are becoming mandatory, it is crucial for businesses to adopt more sustainable label printing practices. The more ink is used in printing, the more damaging it is to the environment. Reducing the demand for paper, ink, electricity and other resources associated with printing can significantly reduce the impact of the carbon footprint on the environment.

Proliferation of Counterfeit Goods & Illicit Trade³³

Despite the well intentions of the GHWLs, it runs the risk of increasing illicit trade in alcohol.



EU-ABC has previously released a report in 2023 on [“Examining the Negative Impact of Illicit Trade on the ASEAN Community Vision 2025”](#) which highlights how illicit trade negatively impacts the three pillars of the ASEAN Community Vision 2025.

In essence, illicit Trade in Alcohol:

- Promotes criminal activities and underpins wider risks to national security
- Deprives governments of tax revenues
- Reduces sales by legitimate tax-paying businesses
- Poses health risks when alcohol sold through unofficial channels do not meet regulatory standards

Rather than GHWLs, targeted interventions such as educating and raising awareness on the importance of responsible drinking are a more effective tool in promoting public health objectives. Some of the examples of the industry-led campaigns are highlighted below.

“Power of No” Campaign³⁴

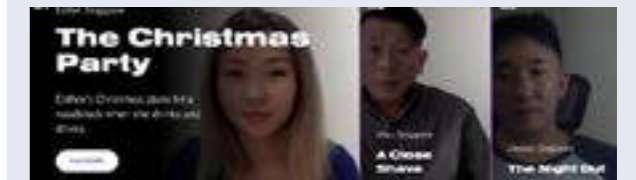


This initiative united a diverse network of partners – from government agencies to NGOs and community organisations – to shift the cultural conversation around drink driving and promote responsible drinking among young adults of legal drinking age.

The campaign builds on numerous initiatives around drink-driving implemented across the region over the years, reinforcing their messages and efforts to effect social change, and demonstrating that no single intervention can deliver all desired results.

As of 2023, the campaign has reached over 44 million direct beneficiaries in seven Southeast Asian countries.

“Wrong Side of The Road”³⁵



In Europe, the “Wrong Side of the Road” campaign was launched in May 2021 partnership with United Nations Institute for Training and Research (UNITAR) to support the second UN Decade of Action for Road Safety. The industry-led campaign enabled participants to have conversations with a real drink driver to help them understand the effects of alcohol and the shame and stigma that comes with drink driving.

The interactive experience presented a series of real-life scenarios with three pre-recorded drink drivers in the format of a video call.³⁶ Participants were encouraged to ask questions, and at the end of the module, they were shown a summary of learnings and directed towards other online resources that offer additional advice and support. The project was launched globally in 24 countries, reaching more than 500,000 people.

While countries like Thailand are looking to implement new regulations like the GHWLs, Singapore is also exploring the likelihood of expanding the scope of the existing Food Safety and Security Bill (FSSB).



The document outlines provisions in Singapore's upcoming FSSB, particularly focused on food marketing and health promotion. The Draft Provisions propose expanding the scope of advertising regulations, and empowering MOH to issue remedial notices wherever there is a breach or misinformation on advertising, to ensure consumers receive accurate information about food products.

This is intended to achieve three aims.

- 1 Expand the scope of accountability for non-compliance in food advertising, allowing individuals or entities beyond food business proprietors to be held responsible;
- 2 Grant MOH the additional authority to ban the import of certain foods for health promotion purposes and to regulate advertisements, which are not currently under their remit, to ultimately;
- 3 Improve public health outcomes through enhanced food marketing regulations

The Council lauds the efforts by Ministry of Sustainability and Environment (MSE), Singapore Food Agency (SFA), and Ministry of Health (MOH) in their desire to improve health outcomes for citizens. Nonetheless, current evidence supporting the effectiveness of food marketing bans in producing positive health outcomes is

weak.³⁷ By creating additional restrictions and mandates to the advertising of F&B products without solid evidence of their impact, risks creating unnecessary regulatory burdens on businesses without guaranteeing meaningful public health benefits.

Instead of blanket restrictions and mandates, a more balanced approach that includes industry self-regulation, education, and targeted measures would be more effective in protecting consumers. For instance:

RECOMMENDATION

OUTCOME

Encouraging advertisers to follow established best practices and codes of conduct, such as those outlined by the International Chamber of Commerce (ICC) or local advertising standards authorities

Ensure responsible advertising while allowing businesses to communicate with consumers effectively.

Enhancing consumer education and collaborating with industry stakeholders to improve the availability of accurate consumer informations

Empower consumers to make informed choices, promoting physical activity, and supporting industry's proactive reformulation efforts

The Council and our members would like to reiterate that the primary mandate under MOH is to focus on health promotion and regulatory oversight related to safety, nutrition, and public health guidance.

- The authority to block or restrict imports typically falls under trade-related agencies, whose role is to ensure compliance with international trade agreements and manage market access.
- Allowing MOH to intervene in this area risks overlapping regulatory functions and could create unintended trade barriers, potentially disrupting supply chains and negatively impacting businesses.

On a final note, the advertising industry already operates under established guidelines and self-regulatory frameworks, such as those managed by the Advertising Standards Authority of Singapore (ASAS), which ensure that advertising is responsible and compliant with societal standards. The Council recommends

strengthening collaboration with these existing bodies, rather than imposing additional regulatory layers, would be more effective in helping to achieve public health objectives, while maintaining the image of Singapore as a competitive and dynamic marketplace for manufacturers.

RECOMMENDATION 1B

GRAPHIC HEALTH WARNING LABELS: LABELLING ALTERNATIVES

By their nature, on-product warning labels are not apt to provide a nuanced message to consumers, which is important in terms of making consumers understand the risks to their health and encouraging them to take precautions to reduce those risks. An effective alternative would be the use of a QR code (which enables the digital provision of information to foster responsible consumer choices) to be placed on the back of products as a BoPL. This limits the impact on trade by allowing continued uniform labels to be displayed across the various ASEAN

markets, while allowing for the provision of up-to-date information related to the health benefits or risks associated with the consumption of the F&Bs, and other nutritional information.

The use of QR code will also be further discussed in the subsequent part of the paper, under "Recommendation 2", promoting for a harmonised labelling standards across ASEAN, for both FoPL and BoPL of F&B products.



CHALLENGE 2

BACK OF PACKAGE LABELLING

LIMITATIONS



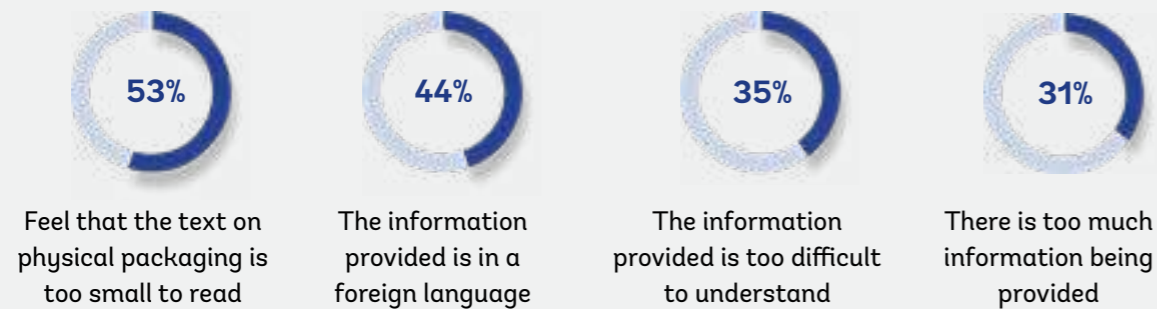
The Council and our members remain committed to ensuring that product information is easily accessible for consumers. We firmly believe that BoPL must be clear and transparent, empowering consumers to make informed choices about their purchases and consumption.

Information on BoPL contains the following details for consumers:

- ✓ Allergic Information
- ✓ Country of Origin
- ✓ Date Marking
- ✓ Disposal Information
- ✓ Expiration Date
- ✓ Ingredient Information
- ✓ Instruction of Use
- ✓ Manufacturer Information
- ✓ Nutrition and Health Information
- ✓ Supply Chain Information
- ✓ Sustainability Information
- ✓ Other Information

Due to the comprehensive information that needs to be on the BoPL, there are limitations with physical labels. The back of product packaging often has limited space, especially for detailed nutritional information.³⁸

A report by the Food Industry Asia (FIA) in 2022, collating responses from 2542 respondents, revealed that consumers across faced the following challenges on conventional physical BoPL:



Moreover, the differing labelling requirements across AMS creates an added impediment to manufacturers operating within ASEAN, having to accommodate the growing range of regulations enforced in individual ASEAN markets.

1

USE OF LABELLING GUIDELINES

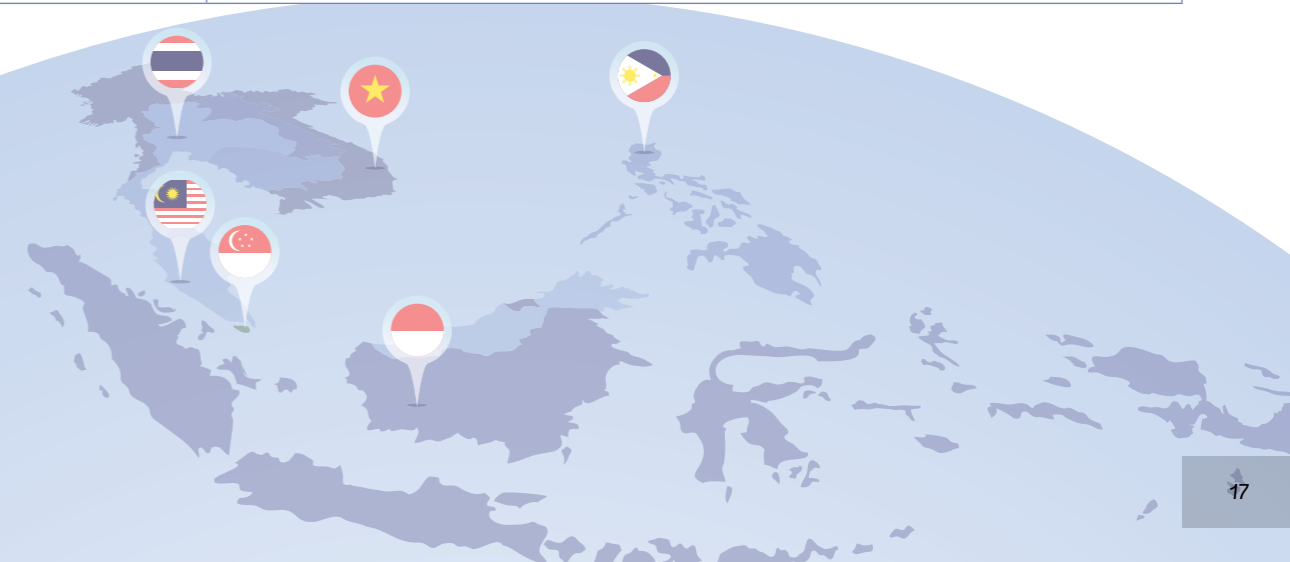
Brunei, Cambodia, Lao PDR, Malaysia, Singapore, and Vietnam have followed the Codex guidelines in preparing their regulations, whereas Thailand and the Philippines have adapted the United States (US) nutrition labelling guidelines, though they also take reference from Codex.³⁹

Country	Codex Guidelines	US Nutritional Labelling Guidelines
Brunei	✓	
Cambodia	✓	
Lao PDR	✓	
Malaysia	✓	
Philippines	✓	✓
Singapore	✓	
Thailand	✓	
Vietnam	✓	

2

NUTRITION LABELLING

Indonesia	Nutrition labelling is mandatory for all prepackaged food products.
Malaysia	Malaysia made nutrition labelling mandatory for energy, protein, carbohydrate, fat, sodium and total sugars for foods that are commonly consumed (prepared cereal food, bread and milk products, canned meat, fish, vegetable, canned fruit and fruit juices, salad dressing and mayonnaise) and for various types of beverages in 2005.
Philippines	Nutrition labelling is mandatory for all prepackaged food products.
Singapore	Nutrition Labelling is mandated for all Nutri-Grade Beverages and for any foods with Nutrition and/or Health Claims
Thailand	Since 2024 Jan, Thailand has announced new nutrition labelling regulations which includes updated Thai Recommended Daily Intakes for food and beverages
Vietnam	Vietnam has released mandatory labelling of five nutrients on pack for all pre-packaged food in 2023. For beverages/milk, it will be six mandatory nutrients



For other ASEAN countries that follow the Codex guidelines, nutrition labelling is voluntary; if nutrition and/or health claims are made on food packaging, or if the food is for a special purpose (diabetic and fortified foods), nutrition labelling would then be mandatory.

These discrepancies in nutritional labelling standards across AMS are summarised in Table 4 below.

Differences in Nutritional Labelling Across ASEAN Member States	BR	KH	ID	LA	MY	MM	PH	SG	TH	VN
I. Legislation										
Mandatory Labelling Of Nutrition Information			√	√	√	√	√	√ ⁴¹	√	√
Nutrition Labelling Is Voluntary Unless Nutritional Claims Are Made On Products	√	√			√			√	√	
II. Use Of International Guidelines										
Codex	√	√	√	√	√	√	√	√	√	√
Us Nutritional Labelling Guidelines							√			
III. Serving Sizes										
Energy And Nutrients Are Expressed Per 100g/ML Of Food ^{42 43}	√	√		√	√ ⁴²	√		√		√
Energy And Nutrients Are Expressed Per Serving Size			√	√		√	√		√	√
Serving Sizes Are Presented In Terms Of Household Measures And Metric Units	√			√		√	√	√	√	√
IV. Nutrient Declaration⁴⁰										
Energy, Protein, Carbohydrate, Fat And Total Sugars Declared In A Quantitative Manner			√	√	√	√	√	√ For Beverages Only	√	
Energy, Protein, Carbohydrate And Fat Listed Quantitatively When Nutritional Claims Are Made	√	√						√		√
V. Nutrient Reference Values										
Local Reference Values Used In The Declaration Of Micronutrients	√	√	√		√		√	√		√
VI. Health Claims										
Reduction Of Disease Risk Claims Are Allowed			√	√		√	√	√	√ ⁴⁴	
Reduction Of Disease Risk Claims Are Prohibited	√	√			√					√
VII. Language										
Local Languages Used In On Food Packaging In Addition To English			√	√	√ ⁴⁵	√			√	√

Table 4. Differences in Nutritional Labelling across ASEAN Member States⁴⁶

RECOMMENDATION 2

FOPL & BOPL

A DIGITALISED & HARMONISED LABELLING

The differences in nutrition labelling regulations and formats across regions are barriers for exporters, especially as it leads to higher compliance expenses for companies, which costs are in turn transferred to consumers who must bear the burden of adhering to various national standards for each product they export. In light of this, harmonisation becomes essential to prevent the proliferation of compliance expenses.

To overcome the limitations of physical labels such as the GHWLs and the varying nutrition labelling regulations, digital labelling acts as an alternative, cost-effective platform for consumers to access accurate and up-to-date product information. Digital labelling alternatives such as QR codes allow manufacturers to provide comprehensive information without cluttering the packaging design. It also overcomes the language constraint on BoPL as nutritional

information in BoPL can be provided in various languages via a digital platform, accommodating the diverse linguistic backgrounds of consumers within the region.

Digital labelling has been increasingly prevalent in Southeast Asia, with an 83% increase in the use of QR codes observed between 2014 and 2018. Additionally, COVID-19 has accelerated the use of QR codes, with data collected from the Food Industry Asia (FIA) – AlphaBeta Access Partnership survey in 2022 affirming consumer sentiments that physical labels are lacking in terms of providing easy-to-read and simplified information on products.

Most importantly, the survey revealed that majority of the consumers across the region are in favour of using digital labelling to receive up-to-date information on F&B products⁴⁷:

Country	Appeal of Digital Labelling Towards Consumers	Consumer Willingness To Adopt Digital Labelling
Indonesia	✓	✓
Malaysia	✓	✓
Philippines	✓	✓
Singapore	✓	✓
Thailand	✓	✓
Vietnam	✓	✓

Table 5. Consumer Sentiments Towards the Adoption of Digital Labelling⁴⁸

THE MERITS OF DIGITAL LABELLING⁴⁹

1 Cost Efficiency

Digital labels bring greater flexibility and cost-efficiency in changing labels as there is the reduced need to reprint new labels as information can be edited digitally without incurring high costs.

2 Overcome Physical Limitations

Consumers can access comprehensive information about products in various languages, beyond details that could ever fit a package, presenting information in local languages based on local requirements

3 Real Time Information

QR codes supported by global data standards (such as the Global Trade Identification Number (GTIN)) link a product's unique identity to real-time online information.

These next generation barcodes enable manufacturers to update nutritional information without needing to redesign packaging, and can limit the sale of expired or recalled products. This ensures that consumers always have access to the most accurate data without generating unnecessary packaging waste.

4 Evidence Consumer Empowerment

Unlocks a convenient way for consumers to access detailed nutritional and responsible consumption information about products using their smartphones.

Accurate and up-to-date information on ingredients, nutrition, and allergens and beyond the package label such as the instructions of use, disposal instructions, and recipes provided from brands can be found on the webpage link. This allows consumers to be connected with product data and these information can be easily accessed by simply scanning the QR code found on product packages using a phone's camera or any QR code reader to access the web-based product page

This accessibility can empower consumers to make more informed decisions about their consumption choices.

5 Assisting On Regular Compliance

Product will contain global ID which can be connected to authoritative and trusted data.

Indonesia, for example, has introduced digital labelling systems in some of the food regulations, allowing digital labelling systems to present information about the manufacturers, such as their registration number and address. Standards around digital labelling for general products were also developed by the International Organisation for Standardisation (ISO).



EU-ABC covered the merits of QR codes in a report published in 2022. Scan the QR to read more under [“Anti-Counterfeit Measures: QR Codes and MOUs”](#), page 9.

LEVERAGING ON DIGITAL LABELLING⁴⁹



The Council presented on the importance of establishing a harmonised standard across ASEAN for BoPL through the adoption of digital product identities, on two occasions:

- ASEAN Economic Ministers' Meeting in 2021
- ASEAN Trade Facilitation Joint Consultative Committee (ATF-JCC) in 2020

Such action can leverage existing widely used systems such as the GTIN product identifier to scale quickly at minimal cost to manufacturers and brand owners. Apart from providing the merits as summarised in detail above, digital labelling will have the added benefit of solving the issue of F&B labelling standards in ASEAN through technology. Further, the QR Code system also allows for elements of track and trace to be built in, aiding ASEAN in the fight against illicit trade whilst also moving the ASEAN agenda forward in creating a truly “highly integrated and cohesive” region to the best of international standards.⁵⁰

OVERCOMING THE DIGITAL DIVIDE?

While digital labelling offers numerous benefits, there is also a need to recognise that digital tools might not be easily accessible for consumers with a lack of purchasing power to procure mobile devices.

To address these barriers, the Council proposes the following recommendations:

1 Install QR code scanners and information kiosks in supermarkets and other retail environments

Consumers can access detailed product information prior to purchase even without smartphones

2 Partnerships with Retailers

Ensure that staff are trained to assist consumers in accessing digital information. Retail employees can help scan QR codes and explain the information to customers.

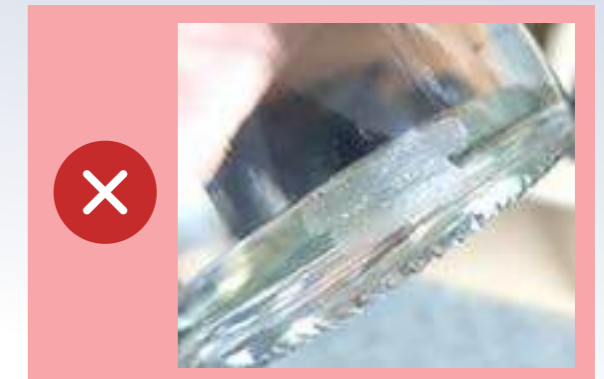
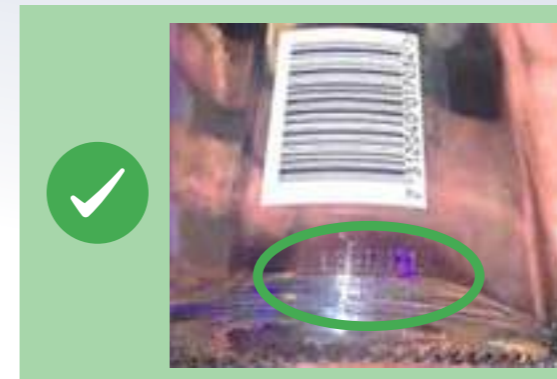
Traceability & Lot Code Protection

Apart from digital solutions, lot codes also play a critical role in product traceability, especially for alcoholic beverages, serving as unique identifiers that provide essential information about a product's origin, production batch, and manufacturing date. The lot code is typically encoded in an alphanumeric sequence, generated and inserted on/to the product during manufacturing or packaging process.

In the context of illicit trade, lot codes are often targeted by counterfeiters and smugglers. Tampered or removed lot codes make it difficult to trace a product's origin or conduct targeted recalls when necessary, whether due to health and safety concerns, incorrect labelling, or

other issues. The defacement of lot codes is a common tactic to evade detection and obscure the distribution of illicit goods. Counterfeiters may also refill decoded bottles and present them as parallel imports, further increasing the risk of counterfeit products entering the market.

In the OECD, 31 out of 34 countries mandate the use of lot codes on the labels or containers of alcoholic beverages and prohibit the removal, tempering and covering up of lot codes. However, in many ASEAN countries, there is no legal framework in place to protect lot codes from being tampered with or decoded. In some ASEAN countries where lot code protection is stipulated by law, the level of protection varies and is often incomplete.



Looking ahead, while digital solutions such as QR and e-labelling can be a quick, cheap, and reliable way to tackle counterfeiting, it is also important to strengthen traditional methods of securing product traceability and identification, while new technologies are currently being explored to be set in place.

The Council proposes the following to strengthen lot code protection scheme:

Mandate Lot Codes

Mandate that all alcoholic beverage products feature a brand manufacturer's original lot code, as an instrument to ensure the traceability mechanism is in place.

Prohibition on Defacement

- The lot identification system must be based on the original lot code of the brand manufacturer.
- The legislation is then implemented to ensure that the tampering / removal of lot identification codes be made illegal.

Prohibit the import, sales or distribution of decoded products

- Imported products whose original lot codes have been tampered with or removed be restricted from sale at the point of importation.
- Decoded products shall not be distributed or sold in the Japanese market.

Penalties be imposed for offences

Legislation must be accompanied by significant sanctions so as to deter potential illicit traders

RECOMMENDATION OVERVIEW

CHALLENGE 3

BATTLING OBESITY & NCDS

SUGAR TAX?

Health Star Rating
Information on individual nutrients are indicated separately without coloured labels to avoid discrimination against any positive nutrients.

Lot Codes
Based on the original lot code of the brand manufacture



QR Code
Digital provision of information regarding nutritional content of product.

To also contain information on the importance of responsible consumption of product

Illustration 2. Sample of Beverage FoPL and BoPL per EU-ABC Recommendations

FoPL Interpretive



As the intent of FoPL is to inform consumers of nutritional content, the default FoPL system should be informative – such as the Health Star Rating – as it highlights the respective nutrients present in a neutral black & white colour to educate consumers on the full nutritional benefits of product without discrimination / preference against specific nutrients.

This will provide consumers with comprehensive detail about product content.

BoPL QR Code Information Labelling



QR code to enhance consumers accessibility to product information.

QR code will create a harmonised standard to access information on nutritional labels and display health information on products.

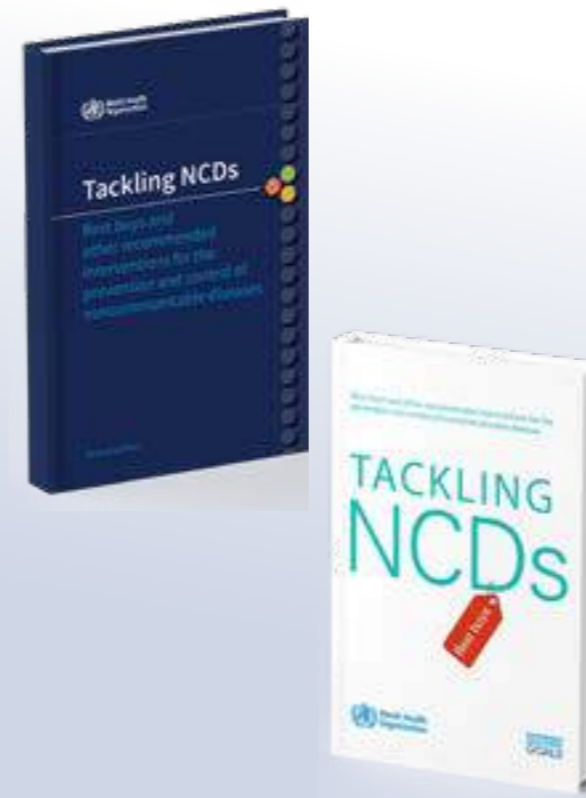


The Council and our members remain dedicated to adopting meaningful actions that support healthier food environments, and in helping citizens across ASEAN Member States better manage their sugar intake through various initiatives such as reformulation and resizing of portion sizes for F&B products.

Thus far, there is no real-world evidence that taxation of sugar-sweetened beverages (SSB) has reduced obesity or non-communicable diseases (NCDs).⁵¹ **Simply put, there is no direct correlation between the implementation of SSB taxation and the provision of any positive health outcome.**

Since 2016, WHO has been actively calling for the implementation of SSB Taxation, yet it has **repeatedly failed to meet its own evidence threshold for SSB taxation to be categorised as a “Best Buy” strategy.**

To summarise in chronological order:



2017 ⁵²	WHO identified 16 “Best Buy” policy interventions to improve public health and combat NCDs in a cost-effective manner. Through their own CHOICE analysis, WHO acknowledged that SSB taxation did not qualify as a Best Buy intervention.
2022 ⁵³	WHO revised its list of “Best Buys” but WHO acknowledged once again that SSB taxation did not meet their own internal cost-effectiveness threshold to move it into the “Best Buy” category of recommended interventions.
2023 ⁵⁴	On the 2023 iteration, WHO expanded the “Best Buy” interventions from 16 to 28. SSB taxation was, once again, not listed as a “Best Buy”.
2024 ⁵⁵	On the latest iteration published April 2024, WHO once again did not list “taxation on SSB” as a “Best Buy” intervention.



The fiscal approach is designed to be part of a broader anti-obesity, anti-NCD campaign. However, research has yet to prove the positive impact taxation on SSB has on health.

While statistics have confirmed that the purchase of SSB lowered following the implementation of SSB taxes, the rate of obesity did not witness a decline because consumers have ready substitutes for taxed SSBs, and often as shown in studies on United Kingdom, overall sugar consumption does not decline as only a narrow portion of overall sugar consumption is impacted by a SSB tax.⁵⁸

Evidently, the persistent rise of obesity in Mexico, Chile, United Kingdom, France, and the Philippines, **despite the implementation of SSB taxation** proves that the complexity of obesity does not lend itself to simplistic solutions like an SSB tax. If such a tax did work, the rate of obesity would fall drastically in the countries of implementation. Instead, the patterns reflect otherwise, with

all countries above demonstrating a persistent growing rate of obesity despite the implementation. Longitudinal research in Australia (i.e. the Australian Paradox) raises questions as to whether total sugar consumption impacts obesity trends. Across decades Australian sugar consumption has declined while obesity has continued to grow.⁵⁹

What does the increasing rate of obesity in the countries implementing SSB tax reflect? It proves (and reaffirms) that obesity is a highly complex disease that should not be summarised merely as a consumption issue. Therefore, the overly simplistic implementation of SSB taxation cannot function as a solution to address this multifactorial issue.

Country	Implemented Since	Obesity Rate Prior to Implementation ⁵⁶	Obesity Rate in 2023 ⁵⁷
Mexico	2014	34.1%	44.5%
Chile	2014	19.2%	29.6%
United Kingdom	April 2018	24.5%	29.9%
France	January 2012	16.1%	22.8%
Philippines	2018	11.6%	13%

Table 6. Rate of Obesity in Countries Implementing SSB Taxation



Multifactorial Causes of Obesity⁶⁰



Scan Me



In 2023, EU-ABC released a paper "[Battling Obesity in ASEAN](#)". The findings of the paper emphasised that obesity is not simply a nutrition or diet issue that can be modified through changes in personal or behavioural choices. To address the issue of obesity, there needs to be an acknowledgement of obesity as a chronic disease that goes beyond modification of diet. Other causes (genetics, societal stigma) have to be addressed alongside other efforts.

RECOMMENDATION 3

ENCOURAGING ALTERNATIVES

Members of the EU-ABC recommend that governments consider alternative approaches that would be more effective to address health issues. Taxation of SSBs is regressive in nature and ineffective in improving public health.

The EU-ABC recommends that taxation of products with High Fat, Salt and Sugar (HFSS) should come as a last resort, and if implemented should be done so through a gradual and phased approach, taking into account the challenges of reformulation and the time taken for consumer preferences to adapt, as well as cause the least amount of economic disruption.

There are alternative approaches that should be explored. Of utmost importance is to create and continuously encourage the development of an environment that prioritises the adoption of healthy diets and lifestyles. Educating consumers, since young, to choose healthy. Simultaneously, producers should also consistently be urged to reformulate products to deliver offerings that are high in nutritional value for consumers.

If products and ingredients have been proven, by sound science, to be safe, and to potentially provide health benefits for consumers, they should not be subject to taxes.

Use of Non-Sugar Sweeteners (NSS) to Aid Reformulation

Market-authorized NSS have been deemed safe for consumption within the conditions and limits of the Acceptable Daily Intake (ADI) and under good manufacturing practices (GMP). Furthermore, they have undergone rigorous testing and safety assessments, conducted by numerous highly regarded international health and regulatory agencies, such as JECFA, the US FDA and EFSA. In addition, there is a substantial body of peer-reviewed scientific studies that unequivocally confirm the safety of NSS.

NSS are in fact a critical tool supporting efforts to reduce added sugar consumption, and there has been strong recommendation made by the WHO on the use of NSS in aiding industry's proactive reformulation efforts.⁶¹

If the use of NSS is stifled by the adoption of misinformed, precautionary policy and/or regulatory measures, public health improvements may be hindered. As NSS impart little to no calories as compared to sugar, they can be a helpful tool in the fight against rising levels of obesity and resultant health issues (such as type 2 diabetes). Furthermore, NSS support oral health and offer people with diabetes broader food choices and greater flexibility to meet their dietary goals without impacting blood glucose levels.

Taxation as a Last Resort

EU-ABC stresses that taxation is regressive in nature, and evidence have not proven that SSB is effective in achieving the health objectives it was intended. Should taxation be deemed necessary, it should only be implemented when all other means (i.e. reformulation, repackaging of sizes) have been exhausted, upon consultation with the industry on the process.

Building upon the recommendations by the ASEAN Secretariat, **specific excise taxes** are suggested as the preferred approach to promote the consumption of healthier choices in ASEAN.⁶²

The Council echoes the sentiments that specific taxes are:

- Predictable
- Easier to administer, and
- Simpler to determine compared to Ad Valorem taxes.

Since specific taxes are based on a fixed amount, their implementation would be more straightforward if ASEAN were to establish a unified form of taxation on HFSS products. This approach minimises fluctuations in taxes collected when goods are imported and enter various markets within the AMS.

RECOMMENDATION 4

CONTINUED COMMITMENT TO REFORMULATING

Echoing the sentiments by WHO that food reformulation – the process of redesigning processed food products to make them healthier – is a crucial step in the fight against noncommunicable diseases, in 2021, ASEAN leaders declared the importance of reformulated products in availing healthier food and beverage options for ASEAN citizens.^{63 64}

The ASEAN Member States have prioritized reformulation and production of healthier food and beverage options as a key strategy to be implemented by conducting inter-pillar consultation to achieve maximal health potential of ASEAN Community through promotion of healthy lifestyle, ensuring healthy lives and promote well-being for all at all ages, specifically consumption of healthy and balanced diet.

Excerpt 3. ASEAN Leaders Declaration on the Importance of Reformulation for Healthier Food & Beverage⁶⁵

EU-ABC stresses the importance for ASEAN leaders to reaffirm their support for, and partner with, private stakeholders to promote reformulation and production of healthier food and beverage options.

Case Study: Singapore Healthier Ingredient Development Scheme (HIDS)⁶⁶

Details	
Responsible Agency	Health Promotion Board
Objective	Reduce chronic diseases (e.g., diabetes, hypertension, cardiovascular diseases) by improving nutritional quality of food products.
Mechanism	Encourage the use of healthier ingredients in the food service industry by supporting suppliers/manufacturers in innovating and developing a wider variety of healthier ingredients.
Subsidies & Incentives	Up to SGD500,000/project in product development and marketing support available

Programmes like HIDS could be the key to unlocking faster reformulation from manufacturers, and encouraging partnership between F&B companies to adopt the use of healthier ingredients in the manufacturing of products.

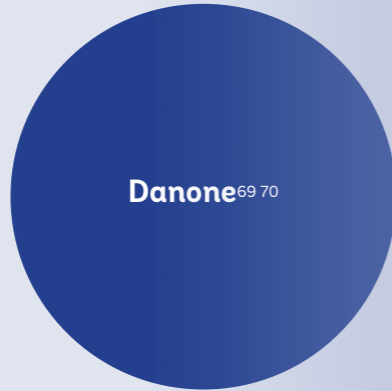
The EU-ABC and our members stand ready to partner with ASEAN, by adopting a “consumer-first mindset”, to prioritise reformulation and production of healthier F&B options as a key strategy to be implemented to achieve maximal health potential of ASEAN community. We welcome projects such as the HIDS that encourages Public-Private Partnership (PPP) to enhance research in reformulation to encourage manufacturers to produce more offerings at higher quality to consumers. This is in

alignment with the ASEAN Socio-Cultural Community pillar of “enhancing the well-being and livelihood of ASEAN peoples.”⁶⁷

To reflect the commitment, the EU-ABC takes this opportunity to highlight the efforts undertaken by our members across ASEAN to ensure nutritious and healthy F&Bs remain available for citizens across AMS.

Coca-Cola witnessed a rise in demand for beverages with zero-sugar and reduced-sugar formulations across ASEAN since the onset of COVID-19. Witnessing a rise in demand for beverages with “zero sugar”, zero-sugar products has been launched in Malaysia, Thailand, the Philippines, Singapore and Vietnam since 2021.

In addition to ongoing innovation efforts to develop beverages which are sugar free, product sizes and recipes of other beverages in the portfolio have also been reformulated to achieve accreditation standards in countries like Malaysia (80% of products under Coca-Cola is certified with Healthier Choice Logo); and Singapore (85% of products under Coca Cola is certified with the Healthier Choice Symbol).



Health is Danone’s North Star and the cornerstone of our impact. Over the years, Danone built a unique health-focused portfolio and are committed to pushing our impact even further. Our ambition is to lead and act on bringing health through food to as many people as possible, building on decades of research and scientific expertise in health & nutrition to help consumers and patients to maintain and support their health through nutritious food and sustainable healthier eating and drinking choices.

We are focusing our action on 4 main areas:

- 1) Offer tastier and healthier food and drinks
- 2) Promote healthier choices
- 3) Provide positive nutrition & hydration for healthier life
- 4) Invest in nutrition and hydration science & research

The health through food pillar of the Danone Impact Journey has clear objectives for 2025. It is built on the framework of the Health and Nutrition Pledge.

FrieslandCampina has dedicated the past decade to reducing sugar content in its beverages, launching a significant sugar-reduction initiative since 2009 and has integrated sugar reduction into its nutrition policy, actively exploring new technologies and ingredients to support healthier formulations.

excessive calorie intake. Over eight years, Friesland-Campina successfully decreased the sugar levels in a considerable portion of its offerings by up to 45%, adjusting recipes to accommodate regional taste preferences. Recognising the impact of sugar reduction on product taste and texture, the company has adopted a gradual approach, making incremental changes to acclimate consumers to lower sweetness levels.



The company’s aim has been to enhance the healthiness of its products and aid consumers in avoiding



Reckitt is committed to enhancing the nutritional quality of infant and child nutrition products, and has implemented efforts focused on reducing added sugars, in accordance with expert recommendations to improve long-term nutritional outcomes. As part of its responsibility to continually enhance nutritional composition, Reckitt supports the effort to reduce added sugars in infant and child diets, emphasising the importance of lactose as a natural carbohydrate source.

By March 2024, Reckitt aims to implement the following specific commitments:

- 1) Lactose as the only carbohydrate source in infants’ formulas from birth to 6 months of age
- 2) Lactose as the preferred carbohydrate source in follow-on formulas and young child formulas from 6 to 36 months of age

3) To not use sucrose and/or fructose as a carbohydrate source in infant, follow-on and/or young child formula. This commitment to reformulation aligns with expert guidance and aims to promote healthier dietary habits from infancy, fostering better nutritional outcomes throughout life.

In addition to the efforts above, PPP also plays a crucial role in promoting healthier lifestyles through education campaigns aimed at encouraging consumers to opt for healthier options. These collaborations leverage the strengths and resources of all stakeholders to amplify the reach and effectiveness of educational initiatives by engaging consumers through various touchpoints (media, retailers, schools, and through community events).

Such collaborations are critical in establishing knowledge sharing channels, developing innovation, and stimulating collective action among public health agencies, non-profit organisations, academia, and industry players, thereby making healthier options more accessible and appealing to consumers while addressing systemic challenges and contributing to improved public health outcomes.

SUMMARY OF RECOMMENDATIONS

Addressing the challenges faced by the industry, and fostering an enabling environment conducive to investment, innovation, and sustainable growth within the FMCG sector is crucial to unlocking the full potential of ASEAN's consumer market to drive collective prosperity for the region.

Harmonisation of Labelling Standards

1 Establish a FoPL system that weighs in on the essential nutrients of beverages, as opposed to the sole consideration of sugar content. The EU-ABC recommends the adoption of the health star rating system that provides an unbiased view of the nutrients present in F&B products.

2 Convert GHWLs from FoPL to BoPL to harmonise FoPL systems, and still enable individuals to access information relating to responsible consumption behaviours

3 Adopt the use of QR code on the BoPL to enable digital provision of information to consumers which can be accessed ASEAN-wide. One QR Code can be used on the same pack regardless of country of export. Consumers can continue to gain access to the same information to advance ASEAN towards the harmonisation of standards.

Explore Alternatives to Taxation

4 Establish a FoPL system that weighs in on the essential nutrients of beverages, as opposed to the sole consideration of sugar content. The EU-ABC recommends the adoption of the health star rating system that provides an unbiased view of the nutrients present in F&B products.

Partner with Industry

5 Partner with industry and introduce education campaigns to encourage healthier living and explore alternatives to encourage consumers to opt for healthier F&B options and boost consumer ability to make informed decisions and healthier choices

CONCLUSION

To conclude, to foster healthier consumption patterns and improve public health outcomes, it is imperative for policymakers and stakeholders to take coordinated action. There is firstly a need to develop a harmonised approach to labelling, with a particular emphasis on refining existing systems like the Nutri-Grade scheme and establishing a FoPL scheme that emphasises essential nutrients, such as the health star rating system. Utilising QR codes on BoPL can also further enhance consumer information and accommodate diverse regulatory requirements, ultimately reducing costs

to consumers while promoting responsible choices. Next, public stakeholders should foster stronger collaboration with the FMCG industry to explore evidence-based, and non-tax incentives for healthier F&B options. To complement these efforts, emphasising the importance of product reformulation based on scientific evidence, alongside educational campaigns and partnerships with industry stakeholders, can ultimately empower consumers to make healthier choices and contribute to overall public health improvement.



About the EU-ASEAN Business Council



The EU-ASEAN Business Council (EU-ABC) is the primary and sole voice for European business covering all of the ASEAN region. It is recognised by the European Commission and the ASEAN Secretariat and is an accredited entity under Annex 2 of the ASEAN Charter. Independent of both bodies, the Council has been established to help promote the interests of European businesses operating within ASEAN and to advocate for changes in policies and regulations which would help promote trade and investment between Europe and the ASEAN region.

The Council works on a sectorial and cross-industry basis to help improve the investment and trading conditions for European Businesses in the ASEAN region through influencing policy and decision makers throughout the region and in the EU, as well as acting as a platform for the exchange of information and ideas amongst its members and regional players within the ASEAN region.

The EU-ABC's membership consists of large European Multi-National Corporations and the nine European Chambers of Commerce from around Southeast Asia. The EU-ABC represents a diverse range of European industries cutting across almost every commercial sphere from car manufacturing through to financial services and including Fast Moving Consumer Goods and high-end electronics and communications. Our members all have a common interest in enhancing trade, commerce and investment between Europe and ASEAN.



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