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## STATEMENT OF REASONS

### REJECTION OF APPLICATION A359 – REQUIRING LABELLING OF ALCOHOLIC BEVERAGES WITH A WARNING STATEMENT.

The Australia New Zealand Food Authority (ANZFA) has before it an application received on 22 April 1998 from the Society Without Alcoholic Trauma requesting an amendment the *Food Standards Code* to include a requirement that all alcoholic beverages be labelled with the statement:

*This product contains alcohol. Alcohol is a dangerous drug*

ANZFA has made a full assessment of this application and has rejected it for the following reasons:

- Scientific evidence for the effectiveness of warning statements on alcoholic beverages shows that while warning labels may increase awareness, the increased awareness does not necessarily lead to the desired behavioural changes in ‘at-risk’ groups. In fact, there is considerable scientific evidence that warnings statements may result in an increase in the undesirable behaviour in ‘at risk’ groups.
- In the case of alcoholic beverages, simple, accurate warning statements, which would effectively inform consumers about alcohol-related harm, would be difficult to devise given the complexity of issues surrounding alcohol use and misuse, and the known benefits of moderate alcohol consumption.
- Costs associated with alcohol related harm are high in both Australia and New Zealand. Estimates vary, but studies undertaken by national governments on a regular basis show a steady downward trend in alcohol consumption and in alcohol-related harm. In Australia alcohol-related mortality rates decreased by 20% between 1990 and 1997; in New Zealand alcohol-related mortality rates decreased by 38% between 1980-82 and 1994-96. These decreases are related to reductions in overall alcohol consumption in both countries: 25% in New Zealand since 1980 and 1997; and 12% in Australia between 1990 and 1997. These cost reductions are due at least in part to the implementation of successful public health initiatives based on harm reduction strategies.
- Comprehensive public health strategies aimed at reducing alcohol-related harm are implemented in both Australia and New Zealand. These strategies concentrate on those interventions already identified as being effective including controlling price, availability and the advertising of alcoholic beverages; identifying and targeting ‘at risk’ groups with health campaigns aimed at reducing alcohol-related harm; and devoting considerable resources to the discouragement of drink-driving.

- When consumed at low to moderate levels alcohol has significant health benefits. These benefits result in a lower overall mortality for those who drink alcohol in moderation as compared with those who abstain from alcohol or consume it at higher levels. These health benefits are mainly due to reductions in the risk for coronary heart disease, a major cause of death in Australia and New Zealand in middle and old age. As alcohol consumption increases beyond low to moderate levels, these health benefits are countered by a rise in alcohol-related harm to health.
- Although risks for some cancers and liver cirrhosis are increased, even at levels of alcohol intake regarded as moderate, these excess risks are more than outweighed by reduced rates of coronary heart disease.
- The available scientific and medical evidence suggests that ‘there was no evidence that light drinking by pregnant women harms the foetus’. In Australia the incidence of alcohol consumption in pregnant women is low and consumption at hazardous or harmful levels is uncommon. Evidence also indicates that the incidence of Fetal Alcohol Syndrome (FAS) is rare, even among ‘heavy drinkers’, and is highly concentrated in areas of low socio-economic status, where heavy drinking is associated with smoking, poor nutrition, poor health, increased stress and use of other drugs. Whereas none of the individual factors gives rise to FAS themselves, it is possible, if not likely, that they exacerbate the effects of heavy alcohol intake, resulting in FAS.
- The National Health Advisory Committee (NHAC) of the National Health and Medical Research Council (NHMRC) is currently reviewing its 1992 recommendations regarding responsible drinking behaviour. The review is also paying specific attention to the issues associated with FAS.
- In both Australia and New Zealand, alcoholic beverages are currently required to be labelled with alcohol content information. In Australia, all alcoholic beverages are also required to be labelled with information on the number of standard drinks. ANZFA’s recent review of provisions regulating alcoholic beverages in Australia and New Zealand proposed that mandatory standard drinks labelling be extended to products sold in New Zealand. This information, together with existing public health and education initiatives, provide consumers with sufficient information to make informed decisions about the alcohol they consume.
- While alcohol is, in fact, a drug, foods containing alcohol are regarded as foods and are regulated in food standards. Evidence strongly suggests that the general population has a significant level of understanding of the risks and benefits of alcohol consumption. The Full Assessment report concludes that a statement on the label of alcoholic beverages to the effect that alcohol is a dangerous drug is not likely to provide any additional useful information to the consumer.
- Simple, direct comparisons of tobacco warning statements with alcohol warning statements are not valid because of the differences between the two with respect to health risks and benefits. There is no level of tobacco consumption that can be considered to be safe or low risk. Therefore warning messages for tobacco could be easily devised. On the other hand, low to moderate consumption of alcohol confers significant health benefits and brief, accurate health messages that pertain to the majority of consumers relating to alcohol use would be difficult to devise.
- There is no international consensus on the use of warning labels on alcoholic beverages. Nine countries, including the USA, prescribe warning statements for alcoholic beverages. Health warnings were considered and rejected by the New Zealand, United Kingdom and Canadian governments and are not used in any European country. There is a lack of evidence as to the effectiveness of warning labels on alcoholic beverages in protecting

public health and safety, reducing health, social and economic costs or providing additional useful information to consumers. This lack of evidence may leave Australia open to challenge through the WTO if the application were to be accepted.

- There is an existing framework for the regulation and self-regulation of advertising and sponsorship of alcoholic beverages and also for the regulation of availability. In addition, interventions to minimise alcohol-related harm are already in place and supported by the alcoholic beverages industry.
- The size and placement of existing alcohol labelling information has been considered as a part of the review of food standards and the development of a joint FSC. ANZFA is recommending that, unless otherwise expressly permitted, all information required to be on a food label must be written or set out legibly and prominently and in the English language.
- The costs to industry of labelling alcoholic beverages with a warning statement are not expected to be high. However, scientific evidence shows that warning statements are not effective in modifying at risk behaviour in relation to consuming excessive amounts of alcohol. Additionally, strategies are already in place in Australia and New Zealand, based on their public health on policy on alcohol, and are seemingly effective, as demonstrated by the trend of decreasing alcohol consumption and decreasing alcohol-related costs and harm in both countries.
- Requiring the labelling of alcoholic beverages with a warning statement does not fulfil ANZFA's objectives in relation to section 10 of the *Australia New Zealand Food Authority Act 1991*. Scientific evidence shows that warning statements are not effective in modifying at risk behaviour in relation to consuming excessive amounts of alcohol, and would therefore not provide any additional protection of public health and safety. Information to enable consumers to make an informed decision or prevent fraud and deception is already provided by existing labelling requirements and public health policies and campaigns.

## **REGULATION IMPACT**

ANZFA has undertaken a regulation impact assessment process which also fulfils the requirement in New Zealand for an assessment of compliance costs. That process concluded that requiring the labelling of alcoholic beverages with at warning statement would offer no clear benefits to government, industry or consumers but would introduce costs to government, industry and consumers.

## **WORLD TRADE ORGANIZATION (WTO) NOTIFICATION**

Australia and New Zealand are members of the WTO and are bound as parties to WTO agreements. In Australia, an agreement developed by the Council of Australian Governments (COAG) requires States and Territories to be bound as parties to those WTO agreements to which the Commonwealth is a signatory. Under the agreement between the Governments of Australia and New Zealand on Uniform Food Standards, ANZFA is required to ensure that food standards are consistent with the obligations of both countries as members of the WTO.

In certain circumstances Australia and New Zealand have an obligation to notify the WTO of changes to food standards to enable other member countries of the WTO to make comment. Notification is required in the case of any new or changed standards which may have a significant trade effect and which depart from the relevant international standard (or where no international standard exists).

As ANZFA will not be recommending a variation to food regulation be made as a result of this application, there is no need to make a notification to the WTO.