

IPA MEDIA RELEASE

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GREENS / XENOPHON FOOD LABELLING BILL WILL PUSH UP FOOD PRICES, HURT AUSTRALIAN AND DEVELOPING WORLD'S POOR

"A Bill being considered this Parliamentary week will increase food prices by driving processed food manufacturers to use 20 per cent more expensive ingredients", said Tim Wilson, Director of the IP and Free Trade Unit today.

Mr Wilson's comments follow the release of, *Upward Pressure: The cost of politically abusing food labelling*, looking at the affect of the *Food Standards Amendment (Truth in Labelling - Palm Oil) Bill*. Last Thursday the relevant Senate Inquiry recommended the bill be rejected.

"The report has found that there has been a general trend to use labelling regulations as a backdoor mechanism to achieve political goals and this Bill is only the latest attempt", Mr Wilson said.

"Activists and politicians are increasingly using labelling regulations to seek to achieve social, environmental and economic policy objectives.

"This Bill is clearly designed to promote consumer boycotts against palm oil which may lead manufacturers to switch to other oil seeds which are around 20 per cent more expensive.

"When governments foster consumer boycotts to get manufacturers to buy more expensive ingredients the cost of products goes up and with it the cost of living.

"The Bill is also likely to breach international trade rules by creating a technical barrier to trade.

"Similarly, the Parliament is currently considering handballing whether food labelling should be used for environmental objectives rather than just health and safety one to Food Standards Australia New Zealand, instead of the Parliament. This proposal should be rejected.

"A similar European proposal has been considered and rejected by the European Commission because of the costs it would impose to business and flow through to consumers.

"The environmental benefits of this Bill are also questionable with only two out of twelve earlier cited 'facts' by taxpayer funded zoos about the oil found to be supported by hard evidence.

"Unfortunately the dissenting Senate Inquiry report's authors have misrepresented IPA testimony claiming information asymmetry between consumers and producers justifies this Bill. It doesn't.

"Voluntary labelling standards are legitimate if there is a genuine consumer demand. There clearly isn't.

"Despite the absence of consumer support, the impact of this bill will also flow through to Indonesia and Malaysia's poor who rely on agriculture production for their livelihoods.

"The cost of this Bill for Australian consumers is higher food prices, but for developing world farmers it will be their livelihoods", Mr Wilson said.

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A copy of *Upward Pressure* is available at www.sustainabledev.org

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