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the Administration)

Panel on Food Safety and Environmental Hygiene

Minutes of meeting
held on Tuesday, 10 July 2007, at 2:30 pm
in Conference Room A of the Legislative Council Building

- Members present** : Hon Tommy CHEUNG Yu-yan, SBS, JP (Chairman)
Hon Fred LI Wah-ming, JP (Deputy Chairman)
Hon WONG Yung-kan, SBS, JP
Hon Andrew CHENG Kar-foo
Hon TAM Yiu-chung, GBS, JP
Hon Vincent FANG Kang, JP
Hon WONG Kwok-hing, MH
Dr Hon Joseph LEE Kok-long, JP
Hon Alan LEONG Kah-kit, SC
Dr Hon KWOK Ka-ki
- Member attending** : Hon James TO Kun-sun
- Public officers attending** : Item II
Dr York CHOW Yat-ngok
Secretary for Food and Health

Mr CHEUK Wing-hing
Permanent Secretary for Food and Health (Food) (Acting)

Miss Kay KWOK Kar-bo
Principal Assistant Secretary for Food and Health (Food)1
(Acting)

Mr Eddy CHAN
Director of Food and Environmental Hygiene
Food and Environmental Hygiene Department

Dr MAK Sin-ping
Controller, Centre for Food Safety
Food and Environmental Hygiene Department

Dr Constance CHAN Hon-ye
Assistant Director (Food Surveillance & Control), Centre for
Food Safety, Food and Environmental Hygiene Department

Item III

Mr CHEUK Wing-hing
Permanent Secretary for Food and Health (Food) (Acting)

Mr Johnson TANG Yuk-kuen
Principal Assistant Secretary for Food and Health (Food)1
(Acting)

Mr Eddy CHAN
Director of Food and Environmental Hygiene
Food and Environmental Hygiene Department

Dr Constance CHAN Hon-ye
Assistant Director (Food Surveillance & Control), Centre for
Food Safety, Food and Environmental Hygiene Department

Item IV

Mr CHEUK Wing-hing
Permanent Secretary for Food and Health (Food) (Acting)

Mr Johnson TANG Yuk-kuen
Principal Assistant Secretary for Food and Health (Food)1
(Acting)

Dr LIU Kwei-kin
Assistant Director (Agriculture)
Agriculture, Fisheries and Conservation Department

Mr SIN Kwok-hau
Assistant Director (Operations)³
Food and Environmental Hygiene Department

Attendance by Invitation : Item IV

Pork Traders General Association of HK Ltd

Mr HUI Wai-kin
Deputy Chairman

Fresh Meat United

Mr MAN Cheuk-pui
Member/Executive Committee

Mr KWAN Kwok-wah
Member/Executive Committee

Hong Kong Pig Raising Development Federation

Mr CHAN Kin-yip
Chairman

Mr HO Wing-kei
Secretary

The Federation of Pig Raising Co-operative Societies Hong Kong, Kowloon & N.T. Ltd

Mr LEUNG Chik
Chairman

港九新界鮮肉商、運輸、屠宰、生豬行從業員聯席會議

Mr MOK Yiu-nam
Convener
(Chairman of Yuen Long Fresh Meat United Association Ltd)

Mr WONG Wah-chu

(Chairman of Tsuen Wan Fresh Meat Retailers' Association Ltd)

Hong Kong Agriculture Special Zone Development Association

Mr CHENG Ka-shing
Chairman

Mr CHOI Chi-wai
Vice Chairman

Hong Kong Livestock Industry Association

Mr TAM Kwok-chu
Vice Chairman

Mr WAN Wai-ming
Committee Member

Ng Fung Hong Limited

Ms GUO Jin-qing
Managing Director

Mr FAN Kwok-kong
Deputy Managing Director

Clerk in attendance : Miss Flora TAI
Chief Council Secretary (2)2

Staff in attendance : Ms Alice LEUNG
Senior Council Secretary (2)1

Ms Anna CHEUNG
Legislative Assistant (2)2

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I. Information paper(s) issued since last meeting

Members noted that the following papers had been issued to members since the last meeting -

- (a) a referral from the Complaints Division regarding the workload and shortage of manpower at the Health Inspector Officer level in the Food

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and Environmental Hygiene Department [LC Paper No. CB(2)2216/06-07(01)] (Chinese version only);

- (b) a referral from a meeting between the Legislative Council (LegCo) Members and Yau Tsim Mong Council members on 26 April 2007 regarding the relocation of the Yau Ma Tei Fruit Market [LC Paper No. CB(2)2305/06-07(01)] (Chinese version only); and
- (c) supplementary information provided by the Administration in response to members' requests raised at the previous meetings of the Panel [LC Paper No. CB(2)2371/06-07(01)].

II. Report of the work of Centre for Food Safety

Briefing by the Secretary for Food and Health

2. Secretary for Food and Health (SFH) briefly highlighted the progress and achievements of the work of the Centre for Food Safety (CFS). He said that the Administration accorded great importance to food safety issues and the setting-up of CFS under the Food and Environmental Hygiene Department (FEHD) in May 2006 was to enhance food safety standards and regulatory functions. In the past year, CFS handled some 10 400 cases of food complaints and enquiries, and instituted over 500 prosecutions for breaching food-related provisions under the law. Given that Hong Kong relied heavily on imported food, CFS was vigilant about food incidents taking place locally and overseas. On a daily basis, CFS staff monitored over 30 websites relating to food safety incidents and assessed the local impact of different food incidents identified and decided on the appropriate actions to minimise impact of food incidents on the public's health.

3. In respect of transmission of information on food safety and risk communication, SFH advised that CFS had reviewed different aspects of its past communications of food surveillance results and had improved the timeliness, frequency, information content and channels of communication. As in the case of the detection of formaldehyde in some noodlefish samples collected at retail level, CFS issued food alert immediately to remind the public of the health risk. In the past year, 28 food alerts and over 110 press releases were issued and some 40 press briefings were organised to alert the trade and the public of the health risk of consumption of certain food items. Examples of the public announcements issued included the detection of high level of Paralytic Shellfish Poisoning toxin in scallops in April 2007, food incident relating to the consumption of "oilfish" in January 2007 and the voluntary recall of Kit Kat chocolate bar products in Australia.

4. SFH informed the Panel that CFS had strengthened its collaboration with consumers and food trade by establishing the Consumer Liaison Group and Trade

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Consultation Forum to gauge their views and concerns about food safety issues. On the international collaboration front, CFS had been engaging actively in collaborative initiatives at the global level to maintain prompt access to the latest information and technology worldwide, and working closely with international authorities, such as the Codex Alimentarius Commission and the World Health Organisation. In January 2007, CFS organised the International Symposium on Food Safety in Hong Kong which provided a platform for experts from around the world to meet and foster linkages in Hong Kong.

5. On the regulatory framework, SFH advised that, to address the deficiencies of the existing regulatory framework, the Administration had already begun work on the new food safety law. The Administration would also introduce a number of legislative proposals relating to the regulation of poultry eggs, prohibition of extraction of seawater in certain areas, the nutrition labelling requirements for the pre-packaged food, the regulation of preservatives and pesticides residues levels in food into LegCo in the coming year.

Report by CFS on its work

6. With the aid of powerpoint, Controller of CFS (Controller/CFS) briefly presented the salient points of CFS's report on its work [LC Paper No. CB(2)2391/06-07(01)]. She said that CFS adopted the science-based risk analysis approach promulgated by international food safety authorities to strengthen food safety control measures throughout the food chain. In promoting food safety, CFS emphasised active tripartite collaboration among the Government, the food trade and consumers. CFS communicated with the trade and the public regularly through the Consumer Liaison Group and the Trade Consultation Forum and each of which held nine meetings in the past year.

7. Controller/CFS further said that, CFS had been working closely with international and Mainland authorities to enhance its capacity to identify and respond to hazards and food incidents that might have implications on local public health. CFS held a number of meetings with the relevant Mainland authorities in 2007, including a two-day Guangdong, Hong Kong, Shenzhen, Zhuhai, Macao Health, Animal and Plant Quarantine and Food Safety Control Meeting in June, the inaugural meeting of the Steering Group on Safe Food Supply to Hong Kong with the State General Administration of Quality Supervision, Inspection and Quarantine and the second working meeting on Exchanges and Co-operation in Food Safety for Hong Kong/Guangdong in May.

8. Controller/CFS advised that, as part of the new Food Safety Bill, the Administration planned to impose a new requirement mandating that all food importers and distributors be registered with CFS. In this regard, CFS was exploring the establishment of a Food Trade Facilitation Office after the implementation of the import permit system and importers' registration scheme. CFS was also planning to

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launch an enhanced electronic alert system for prompt delivery of food safety information to food traders and other interested parties.

Legislative proposal and timetable

9. Mr WONG Kwok-hing enquired about the legislative timetable of the new food safety law. In response, SFH said that the Administration planned to consult the Panel on the details of the scope of the legislative proposal in the end of 2007. It was aimed that the new Food Safety Bill would be submitted to LegCo for scrutiny in the 2008-2009 session.

10. Mr WONG Yung-kan expressed his view that, on the premise of food safety and public health, the new Food Safety Bill should be enacted as early as possible.

11. The Chairman said that the Administration should be mindful of the interests of the consumers as well as the trade in drafting the new legislation and strike a balance between the interests of the consumers and the trade. Food industry's support to the new law was imperative for its effective implementation. He further said that, having regard to the scope and extent of the drafting work of the new Food Safety Bill, it was impractical for the Administration to introduce the legislative proposal into LegCo for scrutiny in the next legislative session. He urged the Administration to make use of the time available to fully consult the food industry on the new Food Safety Bill.

12. The Deputy Chairman sought clarification whether the Administration would introduce the legislative proposal for ordering the suspension of sale and recall of food products into LegCo for scrutiny. He asked about the actions that the Administration would take in circumstances where certain food items on sale in Hong Kong were found problematic in other countries pending the enactment of the legislation.

13. SFH replied affirmatively that the Administration would introduce the legislative proposal of recall of food products to LegCo for scrutiny. The legislation empowering the Administration to order the suspension of sale would be subsumed under the new Food Safety Bill. He stressed that the Administration would fully consult the food industry on the legislative proposal of food recall mechanism. SFH pointed out that the food trade's cooperation in respect of food recall when there were food safety incidents was important. In the past food incidents, the food trade was usually co-operative in taking swift actions to suspend the sale of problematic food items.

Regulation of imported vegetables and fruits

14. Referring to the paragraph on "Upgrading border control points" on page 60 of CFS's report, Mr WONG Kwok-hing commented that CFS failed to perform its role as "gatekeepers" in the regulation, monitoring and surveillance of imported vegetables and fruits. Notwithstanding that the Mainland authorities had implemented enhanced

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inspection and quarantine measures to leafy vegetables in April 2007 such as lead-sealing of vegetable consignments for exporting to Hong Kong, the Administration did not put in place any complementary measures and inspect every vegetable vehicle entering Hong Kong via Man Kam To (MKT). He asked whether CFS had sufficient manpower and resources to carry out inspection of vegetable and fruit vehicles entering MKT pending the extension of MKT food inspection facilities.

15. Controller/CFS explained that there were presently no provisions under the law requiring all vegetable vehicles to stop at MKT food inspection control office to receive compulsory inspection. To address the deficiencies, CFS had strengthened its co-operation with the Customs and Excise Department (C&ED) to step up the joint actions on the inspection of imported vegetables at border control points. CFS staff would check the health certificates and certificates of pesticides used and the lead sealing of vegetables affixed by the relevant Mainland authorities when they inspected vegetable vehicles at MKT. CFS staff would record details of information on vehicles that were found carrying vegetables/fruits imported from non-registered farms and not accompanied with health certificates and would notify the relevant Mainland authorities for follow up. Controller/CFS said that CFS would also enhance its efforts in the sampling of vegetables at wholesale and retail levels.

16. Mr WONG Yung-kan said that the Mainland authorities would implement enhanced inspection and quarantine measures to fruits supplied to Hong Kong in October 2007. He expressed concern as how the Administration could monitor the food safety of imported fruits from the Mainland given that there was presently no control over the importation of the Mainland leafy vegetables.

17. In response to the Chairman's enquiry about the timetable for the implementation of enhanced inspection and quarantine measures to the Mainland fruits supplied to Hong Kong, Controller/CFS clarified that the Mainland's enhanced inspection and quarantine measures currently applied to leafy vegetables would be further extended to other vegetables in October 2007. However, the Mainland authorities had not yet decided on the timetable for implementing the measures to Mainland fruits supplied to Hong Kong. As regards the preparatory work for the future implementation of the enhanced inspection and quarantine measures to fruits, the Mainland authorities would start to put in place a registration system of fruit farms and processing companies. Controller/CFS said that the Administration would continue to discuss with the Mainland authorities the measures to enhance the safety of Mainland fruits and relay local fruit trade's concern and views to them.

18. Mr WONG Kwok-hing expressed dissatisfaction at the Administration's response. He asked whether and when the Administration would check every vehicle carried with imported vegetables from the Mainland to ensure food safety.

19. Controller/CFS responded that CFS had stepped up its cooperation with enforcement departments, including C&ED and the Police, in conducting ad hoc blitz

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operations on vehicles carrying vegetables at MKT. CFS and C&ED staff would stop and inspect suspicious vehicles carrying food unfit for human consumption or food from unknown sources based on risk assessment and intelligence collected. Each day, about 30% to 40% of vegetable vehicles from the Mainland were inspected at MKT. Controller/CFS advised that, given the limitation of the existing food inspection facilities at MKT, CFS would enhance sampling of vegetables at the wholesale and retail levels.

20. Mr Vincent FANG said that, as in the case of the implementation of enhanced inspection and quarantine measures to leafy vegetables supplied to Hong Kong, CFS had made improvement in enhancing its communication with the food trade and the relevant Mainland authorities. However, he expressed concern over the smuggling activities of food from unknown sources and the problem of parallelly imported food items available at retail outlets. He pointed out that, as the problem food might be mixed with food imported from registered farms at retail outlets, it was difficult for CFS staff to differentiate them. Mr FANG asked how the new food safety law would regulate the smuggling activities of food and how the new law would protect the law-abiding food traders who imported food from legitimate sources when there was a food incident involving problem food found at retail outlets.

21. In response, SFH said that the Administration proposed to launch a pre-statutory voluntary notification scheme to facilitate the creation of a food importer and distributor register in Hong Kong. The register would facilitate the tracing of food origin and address the concern over the difficulty in differentiating food items supplied from registered farms from other unknown source. The Administration would brief members on the details of the proposal when the Panel discussed the next agenda item on "Food importer register". SFH further said that CFS had stepped up its cooperation with C&ED in taking enforcement actions to combat the smuggling activities of food items from unknown sources. Apart from enforcement actions, the collaboration of the food industry was also important as the information and intelligence provided by them would help combat smuggling activities.

Inspection to Mainland registered farms

22. Referring to the control at source and legislative regulatory framework as detailed in on page 56 of CFS's report, Dr KWOK Ka-ki enquired about the percentage of Mainland registered farms such as poultry egg farms and freshwater fish farms that had been inspected by CFS staff in the past year.

23. Controller/CFS pointed out that the relevant trades/authorities of the exporting countries had the responsibility to ensure and monitor the safety of their food exported to other countries/places. Hong Kong as the importer of food would perform audit inspections to registered farms supplying food to Hong Kong to ensure that their hygiene conditions had met with the relevant requirements of Hong Kong. She stressed that audit farm inspection conducted by importing countries/places should not

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replace the role played by the food authorities of the exporting countries in monitoring food safety of their exported food. Controller/CFS said that the Administration had made administrative arrangements with the Mainland authorities in respect of audit inspection to registered farms on the Mainland e.g. pig farms, chicken farms and freshwater fish farms. CFS was considering conducting inspection to Mainland registered vegetable farms. Controller/CFS added that, given the resources available, CFS staff had inspected some 40 registered live food animal farms and about 40 registered freshwater fish farms on the Mainland in 2006.

24. On the Administration's response, the Chairman sought clarification whether the Administration had reached agreement with the Mainland authorities to allow CFS to send its staff to inspect registered farms on the Mainland. He asked whether insufficient resources were the reason for the small number of inspection conducted by CFS in a year.

25. Controller/CFS explained that the Administration had an agreement with the Mainland authorities. However, CFS had to liaise with the relevant inspection and quarantine authorities to make arrangement for every inspection which was in line with international practice. Given the purpose of inspection and that the registered farms of Mainland food supplied to Hong Kong such as poultry eggs, live food animals/poultry and freshwater fish were scattered around in different provinces, it would not be possible or appropriate for CFS to conduct regular and frequent inspection to Mainland registered farms even if there was addition of resources.

Division of work between CFS and the Agriculture, Fisheries and Conservation Department

26. The Deputy Chairman said that, when the Administration consulted the Panel on the proposal of reorganisation plan for the food safety regulatory framework in 2006, it was proposed that FEHD and the Agriculture, Fisheries and Conservation Department (AFCD) would be reorganised to form the Department of Food Safety, Inspection and Quarantine (DFSIQ) and the Department of Agriculture and Environmental Hygiene. The food safety regulatory functions of FEHD and the inspection and quarantine functions under AFCD would be transferred to the new DFSIQ. Having regard to strong objection from the staff of AFCD, the proposed reorganisation plan was not taken forward. However, he considered that, to facilitate CFS's long term effective management and monitoring of food safety in food chain, it was not desirable to assign the inspection functions of local registered farms to AFCD separately. He enquired whether the Administration would review and re-consider the reorganisation proposal.

27. Mr WONG Yung-kan, however, held a different view. He said that it was a duplication of resources for CFS to deploy staff to inspect registered farms on the Mainland while AFCD was responsible for conducting inspection to accredited farms in Hong Kong. He opined that AFCD had the professional staff to perform the

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inspection and quarantine functions and inspections relating to farm audit work. Inspection to local and Mainland registered farms should continue to be placed under AFCD.

28. SFH said that the Food and Health Bureau (FHB) would look at the issue of enhancing the collaboration between CFS and AFCD from various perspectives. He advised that both CFS and AFCD had veterinary and agriculture professional staff in their departments and these professional staff would be subject to posting between these two departments. The Administration would review the structure of the two departments after the enactment of new food safety law, which aimed to enhance food regulatory framework in Hong Kong. The Chairman requested the Administration to revert to the Panel if there was any new development on this issue.

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Appointment to CFS's advisory committee

29. Referring to the oilfish incident, Dr KWOK Ka-ki said that one of the members of the Expert Committee on Food Safety (the Expert Committee), which was set up under CFS, was a senior staff responsible for quality control and food safety in one of the major supermarket chain stores involved in the incident. As the purpose of setting up the Expert Committee was to advise the Director of Food and Environmental Hygiene (DFEH) on the formulation of food safety measures and the review of food safety standards, he asked whether the Administration would review the appointment mechanism of the advisory committees on food safety.

30. SFH explained that members of the Expert Committee were appointed in personal capacity taking into consideration their expertise in the relevant fields. A well established mechanism had been put in place to handle the issue of conflict of interest of members serving on government's advisory boards and committees. For instance, members should declare their interests that they might be related to the issues to be discussed at the meetings. If necessary, they should withdraw from the meeting of a committee when a matter which they had a distinct pecuniary interest was put and voted upon. SFH said that, as in the case of oilfish incident, FEHD had instituted prosecution actions against the supermarket chain stores concerned for the contravention of the relevant provisions of the Public Health and Municipal Services Ordinance (PHMSO) (Cap. 132). The prosecution actions taken by FEHD could best illustrate the fact that the Administration would take appropriate and necessary enforcing actions to safeguard the food safety in Hong Kong.

III. Food importer register

Presentation by the Administration

31. Assistant Director (Food Surveillance & Control) of CFS (AD(FS&C)/CFS) briefed members on the Administration's paper on the proposed pre-statutory

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voluntary notification scheme for food importers and distributors [LC Paper No. CB(2)2394/06-07(01)]. She advised that the objectives of the proposed scheme were as follows -

- (a) to identify the food importers and distributors to facilitate CFS's solicitation of their support and cooperation in the event of a food incident before the new food safety legislation and the mandatory notification scheme came into force;
- (b) to enable the trade to familiarise with the future mandatory requirement; and
- (c) to enable CFS to enhance the design and management of the mandatory notification scheme through practical experience.

32. AD(FS&C)/CFS said that the proposed scheme was modelled on the voluntary enrolment scheme for poultry egg importers implemented by CFS in December 2006 after the Sudan Red incident. The proposed scheme would be implemented by phases to cover various food types, including game, meat and poultry, live food animals/poultry, vegetables and fruits and farmed aquatic products. Details of the implementation timetable were set out in the Administration's paper. AD(FS&C)/CFS said that the Administration consulted the trade, including importers, distributors and retailers, through CFS's Trade Consultation Forum on 26 June 2007. Participants in general supported the implementation of the proposed scheme. As regards the mandatory notification scheme, major concerns expressed by the trade at the Forum were on whether a user fee was required, record keeping requirements and when the new food safety legislation would be enacted.

Proposed pre-statutory voluntary notification scheme

33. Referring to paragraph 5 of the Administration's paper that the trade was advised to keep record of the movement of their food to assist in enhancing food traceability, Mr WONG Kwok-hing asked how long the trade was required to keep their records. He further asked what actions would be taken by CFS if importers and distributors did not register with the voluntary notification scheme. Mr WONG also queried about the purpose of launching the proposed pre-statutory voluntary notification scheme. He said that CFS should have the details of the importers and distributors such as business registration number, address and telephone number etc as the importers and distributors had been issued with business licences and permits from CFS for importing certain food items that were required under the law.

34. DFEH explained that importers of certain food items such as frozen and chilled game, meat, poultry, milk and frozen confection were required under the law to apply for import permits from CFS. While there were provisions under PHMSO to enable CFS to obtain some information of importers of certain food items, it did not empower

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CFS to require registration of other food types. It was important to put in place an effective importers and distributors registration system to further promote food safety. The notification scheme could help trace the sources of food, early identification of problematic food, more proactively guard against problematic food entering into the food chain, and hence protect public health.

35. With regard to the record keeping requirements, AD(FS&C)/CFS said that under the Imported Game, Meat and Poultry Regulations, importers were required to keep the original of every official certificate accompanying imported meat and poultry for not less than two months from the date of import. In the light of this, the Administration's preliminary thought was that importers and distributors were required to keep records showing the names and addresses of their clients for at least 60 days for inspection by CFS staff. AD(FS&C)/CFS pointed out that the proposed scheme would enable the trade to familiarise with the future mandatory requirement and CFS to enhance the design and management of the mandatory notification scheme through practical experience. The information provided by the food importers and distributors would facilitate CFS to enhance its communication and consultation with the food industry, notify them of any food concerns or alerts, and contact the businesses concerned more easily in a food incident.

36. The Deputy Chairman pointed out that, after the occurrence of ciguatera fish poisoning incidents, the Administration had introduced a voluntary Code of Practice (CoP) for adoption by the fish trade. Under the CoP, fish traders were requested to keep proper records of the source, supplies and distribution of live marine fish. However, the result of the implementation of CoP was far from satisfactory. He asked whether the Administration would consider providing incentives to attract food importers and distributors to join the voluntary notification scheme.

37. Dr KWOK Ka-ki also shared a similar view with the Deputy Chairman. He was concerned whether implementation of a voluntary notification scheme would receive positive response from the trade.

38. AD(FS&C)/CFS said that food importers and distributors would be benefited from the scheme. Subject to the consent of the food business operators, the names of those companies under the proposed scheme would be uploaded to CFS website for reference by the local food trade and overseas food suppliers. Through the scheme, CFS would notify the food business operators of any food concerns or alerts and contact them more easily and in a more timely manner in the event of food incidents. The importers and distributors could familiarise with the future mandatory requirement through registration in the pre-statutory scheme.

39. DFEH supplemented that, despite that the response of the fish trade to the voluntary CoP on the import and sale of live marine fish for human consumption was not satisfactory, the poultry egg voluntary enrolment scheme launched by CFS in December 2006 after the Sudan Red incident was well received by importers and

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distributors. Most of the egg importers and wholesalers/distributors had already registered with CFS. Up to end of May, 70 egg importers and 43 wholesalers/distributors had enrolled with CFS.

40. On the Administration's response, the Deputy Chairman commented that the responses of fish trade and poultry egg trade depended very much on the fact that whether their trade associations were well-organised. He wondered whether the Administration would consider issuing a certificate or a logo to the importers/distributors who had registered under the scheme as an incentive to encourage them to register. He said that, under quality seawater assurance scheme, seafood restaurants and sales outlets that utilised seawater from Accredited Quality Seawater Suppliers would be issued with a Quality Seawater Logo for display in their business premises to inform their customers that their seawater was quality-assured.

41. The Chairman and Dr KWOK Ka-ki shared a similar view with the Deputy Chairman. They considered that the Administration should consider providing incentives to importers and distributors for voluntary registration such as issuing a "Q-mark" to retail outlets which sourced food items from registered importers and distributors for easy identification by members of public.

42. DFEH undertook to consider members' suggestion.

43. Dr Joseph LEE said that he noted that importers and distributors would be encouraged to submit details of their business to CFS such as business registration number, address and telephone number and the main food types of businesses. However, he failed to see how such information would facilitate the regulation of food sources. He asked about the purpose of providing such information. Dr LEE further asked whether CFS had got hold of the information on the number of importers and distributors of each food type and assessed the percentage of importers and distributors who would join the scheme.

44. AD(FS&C)/CFS responded that, given that the pre-statutory notification scheme was a voluntary scheme, CFS would send a questionnaire to importers and distributors and request them to provide information related to their sourcing of food products to facilitate CFS's tracing of origins of problematic food. The information on the source of food items provided by food importers/distributors would be kept in confidence and would not be uploaded to CFS website. AD(FS&C)/CFS explained that CFS did not have concrete data on the number of importers and distributors of the food types that were presently not required to apply for import permit from CFS under the law. She said that CFS would enhance its publicity effort in promoting the scheme to attract more food traders to register with the scheme.

45. DFEH supplemented that operators of certain high-risk food items, such as fresh, chilled and frozen meat, were required under existing licensing requirements/conditions to keep records to certify that their meat came from

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legitimate sources and to facilitate tracing of food origin. To further enhance food safety and CFS's capability in tracing the source of food, the Administration would draft a new food safety law. As it would take some time to formulate the new food safety law, the Administration proposed to introduce a pre-statutory voluntary notification scheme for food importers and distributors before the enactment of the new law. The pre-statutory voluntary notification scheme would enable the trade to familiarise with the future mandatory requirement.

46. Mr Vincent FANG said that the food traders might have concern over the proposed notification scheme as information on food sources was the traders' business secrets. He wondered whether CFS would consider listing out such information in general terms e.g. the source of food was from Guangdong without giving details of the names and addresses of the food origins. He sought clarification whether non-registered importers were allowed to import food when the pre-statutory voluntary notification scheme become mandatory. Mr FANG further said that there was presently control over the importation of live food animals and poultry which required the importers to apply for import permit from CFS. He wondered why there was a need to implement the pre-statutory voluntary notification scheme of importers and distributors of live food animals and poultry.

47. DEFH assured that information provided by importers and distributors relating to their business secrets would be kept in confidence by CFS. Such information would not be disclosed and uploaded to website. Regarding the pre-statutory voluntary notification scheme, DEFH explained that the requirement of applying for import permit from FEHD for certain food types and the implementation of the pre-statutory voluntary notification scheme were two separate regulatory systems. In considering the implementation timetable of the voluntary pre-statutory notification scheme, the Administration had taken into account the food types that were presently required to apply for import permits before importation. DEFH advised that, when the mandatory notification scheme was in place, all importers, wholesalers/retailers, agents and distributors, etc. would be required to keep receipts in respect of the food items and products that they procured in order to enhance the CFS's tracing ability. Under the new Food Safety Bill, it was also envisaged that certain food products such as live food animals, meat, poultry meat and dairy products, vegetables and fruits, etc. if imported from channels other than approved sources or without the requisite health certification would probably be regarded as illegal and would be liable for prosecution.

Sale of defrosted chilled pork as fresh pork

48. Mr James TO said that he was worried that, in the wake of shortage of live pig supply and the soaring prices of fresh pork, some unscrupulous meat retailers might sell defrosted chilled pork as fresh pork to deceive customers. He further said that the sale of chilled pork as fresh pork might have breached the Trade Descriptions Ordinance (the Ordinance) (Cap. 362). Given that C&ED was given more power in

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respect of investigation under the Ordinance and the penalties for the breaching of the Ordinance were more severe than that of PHMSO, he considered that C&ED should take proactive actions and step up its inspection to retail outlets and fresh provision shops (FPS) to prevent and deter any malpractice.

49. DFEH explained that, while C&ED was responsible for the inspection of import of goods including food items, FEHD was the law enforcing department of PHMSO and would conduct inspection to meat stalls in the markets and FPSs. FEHD was working closely with C&ED to take joint enforcing actions in safeguarding the food safety in Hong Kong. DFEH pointed out that, with the enactment of the Food Business Amendment Regulation (Cap. 132 sub. leg.X), it would be an offence for any person to sell, or offer or expose for sale, or possess for sale fresh pork and chilled pork at the same premises unless the chilled meat was pre-packaged and labelled in the prescribed manner before distribution to the retail outlets. The new requirements had enhanced consumer protection and facilitated enforcement actions taken by FEHD. FEHD would step up its inspection to retail outlets and FPSs to ensure compliance with the new requirements and conditions.

IV. Supply of live pigs to Hong Kong

50. The Chairman welcomed representatives of deputations to the meeting. Their views were summarised below.

Pork Traders General Association of Hong Kong Limited

51. Mr HUI Wai-kin said that local live pig supply helped alleviate the problem of temporary shortage of Mainland live pig supply in the past. However, as about 90% of local pig farms returned their licences to the Administration, the number of local live pigs dropped significantly from some 400 000 to about 20 000. He further said that, as pork was a major type of meat consumed by the public, the Administration should work out a long term plan for the development of local agriculture and fisheries industries. Mr HUI called on the Administration to help local pig farmers who had voluntarily surrendered their pig farm licences to move to the Mainland to continue their operation and allow them to export their produce to Hong Kong.

Fresh Meat United

[LC Paper No. CB(2) 2445/06-07(02)]

52. Mr KWAN Kwok-wah presented the views of the organisation as detailed in its submission. Mr KWAN said that, as Ng Fung Hong Limited (NFH) could not maintain the normal supply of Mainland live pigs in Hong Kong, its agency for the export of Mainland live pigs to Hong Kong should be abolished. He further said that, given that the Mainland had abolished the sole agency system for the export of fish, vegetables and fruits, the Administration should review the sole agency system for the

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export of live pigs and cow. Mr KWAN urged the Administration to open up the live pigs market and discuss with the relevant Mainland authorities how to solve the problem caused by the monopolisation of Mainland live pig market by NFH.

The Federation of Pig Raising Co-operative Societies of Hong Kong, Kowloon and N.T. Ltd

[LC Paper No. CB(2)2430/06-07(01)]

53. Mr LEUNG Chik presented the views of the organisation as detailed in its submission. Mr LEUNG said that he also shared the view of Mr HUI Wai-kin of Pork Traders General Association of Hong Kong Limited that the Mainland authorities and the Administration should assist local pig farmers who had voluntarily surrendered their pig farm licences to continue their operation on the Mainland and allow them to export their produce to Hong Kong.

(Post-meeting note: A paper on the culinary cooking methods of pork provided by the Federation of Pig Raising Co-operative Societies of Hong Kong, Kowloon and N.T. Ltd and tabled at the meeting and a further submission from the Federation were issued to members vide LC Paper CB(2)2472/06-07(01) and (03) on 11 July 2007.)

Hong Kong Pig Raising Development Federation

54. Mr CHAN Kin-yip said that local pig farmers and NFH did their best to solve the problem of shortage of the supply of Mainland live pigs. The shortage problem was caused by the Administration's policy of introducing the voluntary surrender scheme for pig farm licences. He commented that the Administration did not envisage that nearly 90% of local pig farms would apply for the scheme and close their business within six months, and did not request the Mainland authorities to increase the supply of live pigs to Hong Kong. Mr CHAN opined that the most practical way to increase the long-term supply of live pigs was to assist Hong Kong pig farmers to set up their farms on the Mainland and allow them to export their produce to Hong Kong. He cited Singapore as an example and pointed out that the government there had formulated a long term agricultural policy. The government of Singapore, in collaboration with its trade, had set up pig farms in Malaysia and Indonesia to ensure that there was a stable and steady supply of live pigs in Singapore.

港九新界鮮肉商、運輸、屠宰、生豬行從業員聯席會議

[LC Paper No. CB(2) 2443/06-07(01)]

55. Mr WONG Wah-chu presented the views of the organisation as detailed in its submission. Mr WONG said that, having regard to the shortage of Mainland live pig supply, the imposition of a quota system by NFH could help stabilise the wholesale prices of live pigs. The present sole agency system for Mainland live pigs had been functioning effectively for several decades. If the sole agency system was abolished, there might be problems in ensuring the quality and hygiene standards of live pigs

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imported from different places on the Mainland. Mr WONG added that the primary concerns of the meat traders were whether the live pig importer was able to maintain a long term stable supply, assure the quality of live pigs and avoid price fluctuation.

Hong Kong Agriculture Special Zone Development Association
[LC Paper No. CB(2) 2443/06-07(02)]

56. Mr CHOI Chi-wai presented the views of the organisation as detailed in its submission. Mr CHOI pointed out that the shortage of live pig supply in Hong Kong was mainly due to the introduction of the scheme for the voluntary surrender of live pig farm licences by the Administration. He said that the Association had put forward a proposal of an "agricultural test base" scheme on the Mainland to allow Hong Kong pig farmers to continue their operation there and export their produce to Hong Kong. The Association had discussed with the Administration the proposal about a year ago but did not receive any positive response from the Administration. Mr YIP urged LegCo Members to help Hong Kong pig farmers establish farms across the border and to set up a quota system to help them export their produce back to Hong Kong.

Hong Kong Livestock Industry Association

57. Mr TAM Kwok-chu said that a major cause for the live pork shortage in Hong Kong was that many pig farmers had returned their licences to the Administration within a short period of time. The present problem of shortage of Mainland live pig supply revealed the importance of local supply of live pigs in stabilising the prices of fresh pork. Mr TAM also criticised that the new "64 rules" introduced to local pig farms by AFCD in March 2007 were too stringent, and caused great difficulties to the operation of the pig farmers who had not applied for the voluntary surrender scheme.

Ng Fung Hong Limited
[LC Paper No. CB(2) 2443/06-07(02)]

58. Mr FAN Kwok-kong presented the views of NFH as detailed in its submission. Mr FAN said that NFH had worked its best for the past several decades to ensure that the supply, the price and the quality of Mainland live pigs was sufficient, stable and guaranteed. He advised that, as compared to that of January 2007, the current price level of Mainland live pigs and the average national wholesale price of fresh pork had been increased by 27.7% and 31.8% respectively. Despite of this, NFH only adjusted its price by 8% on 30 May 2007. Mr FAN explained that the major factors attributing to the acceleration of the price of Mainland live pigs were the cyclical nature of pig raising, the outbreak of a contagious pig disease, and the rising cost of grain for feed. He stressed that NFH had endeavoured to organise the sources of the supply and maintain a stable supply of live pigs in Hong Kong.

The Administration's response

59. Permanent Secretary for Food and Health (Food) (Acting) (PS(FH)(Food)(Ag))

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gave the following responses to the views given by the deputations –

- (a) there were three types of pork available in the market, i.e. fresh pork, imported chilled and frozen pork. The market share of live pigs in the pork market had declined from 51% in 2002 to 30% in April 2007. Since the importation of chilled pork from the Mainland in August 2006, the volume of import had increased by over 140%. Chilled and frozen pork had become increasingly popular in the local market;
- (b) in view of the recent shortage of live pig supply to Hong Kong, FHB had immediately met with the local agent for Mainland live pigs to assess the situation and to express the Administration's concern. The local agent had worked with the Mainland suppliers to secure a steady supply of live pigs. Since 4 July 2007, Mainland live pig supply had gradually picked up to approximately 85% of the normal level of daily supply;
- (c) since the introduction of the voluntary surrender scheme for pig farm licences in May 2006, 243 out of the 265 pig farms had submitted applications. However, as compared to the total number of some 400 000 live pigs in local pig farms as at 2006, the present supply of local live pigs only reduced to around 200 000. As compared to that of 1 000 before the introduction of the voluntary surrender scheme, the daily supply only dropped to around 600 to 700 in July 2007;
- (d) as regards the suggestion of introducing more agents for Mainland live pig supply to Hong Kong to stabilise its supply in Hong Kong, the export quota control over live pigs supplied to Hong Kong and the sole agency system for live pig export was a decision of the Ministry of Commerce made in accordance with the Mainland's economic and trade policies. In the light of the public's concern over the recent shortage of live pig supply in Hong Kong, the Administration would reflect the views to the relevant Mainland authorities and discuss with them the feasibility of opening up of the market; and
- (e) the Administration had raised the proposal of assisting local pig farmers to set up their farms on the Mainland with the Mainland authorities in early 2006 after it was proposed by Mr WONG Yung-kan, and had kept discussing with them on this issue over the past year. The Administration was arranging a meeting with the relevant Mainland authorities to discuss the proposal shortly.

Supply of Mainland live pigs

60. Dr KWOK Ka-ki said that a stable supply and a steady price of live pigs were

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the primary concerns of consumers. He asked whether the Administration was supportive of the suggestion of appointing more agents for importing live pigs to Hong Kong and what actions had been taken by the Administration in this respect. Dr KWOK also queried whether there was any anti-competitive practice in the live pig market.

61. PS(FH)(Food)(Ag) responded that, as stated earlier by the Chief Executive during the Chief Executive's Question and Answer session in a Council meeting, the Administration was open-minded about the issue of introducing more agents for importing Mainland live pigs. However, given that the decision on the appointment of export agents for live pigs was made by the Ministry of Commerce in accordance with the state economic and trade policies, the Administration would have to respect the state policies. Regarding Dr KWOK's question on the issue of fair competition in live pig market, PS(FH)(Food)(Ag) said that FHB had consulted the relevant policy bureau on this issue and the advice was that the whole pork market including fresh pork, chilled pork and frozen pork should be taken into account in studying the subject. He further said that the Competition Policy Advisory Group had studied whether there was a level playing field in the local pork market in 2002. The report released by the Group concluded that the importer of Mainland live pigs did not act against the principle of fair competition as Mainland fresh pork faced competition from local live pigs, imported chilled and frozen pork.

62. Mr Vincent FANG asked whether the Administration had envisaged that about 90% of local pig farms would apply for the voluntary surrender scheme for pig farm licences and requested the Mainland authorities to increase the supply to compensate for the reduction in local live pig supply. If the Administration did not discuss with the Mainland authorities the need to increase the supply of Mainland live pigs to Hong Kong, he wondered whether it was due to the Administration's anticipation that the demand for fresh pork would reduce after the importation of Mainland chilled pork.

63. PS(FH)(Food)(Ag) responded that, when the Administration introduced the voluntary scheme for the surrender of pig farm licences, it was anticipated that about 70% to 80% of pig farmers would apply for the scheme.

64. Mr Vincent FANG said that, as said earlier by Mr FAN Kwok-kong of NFH in his presentation, NFH only adjusted its price by 8% in spite of the increase of the price of Mainland live pigs by 27.7%. He asked the representatives of NFH whether there was a preset daily quota for live pigs supplied to Hong Kong and how NFH set the price of Mainland live pigs.

65. In response to Mr FANG's questions, Mr FAN Kwok-kong said that NFH accorded priority to the assurance of the supply and quality of live pigs exported to Hong Kong. He stressed that the export quota was not the cause of the current shortage of Mainland live pigs supplied to Hong Kong. NFH would adjust the supply taking into account a number of factors including the export quota, the market demand

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for fresh pork and the importation of chilled pork imported from the Mainland. He explained that, when they placed order for piglets six months ago, they could not foresee that there would be a shortage of supply now. Ms GUO Jin-qing supplemented that the major reason for the current shortage of Mainland live pig supply to Hong Kong was due to a rise in the cost of grain for feed and an outbreak of a contagious pig disease in some Mainland provinces. She stressed that the quota for live pigs supplied to Hong Kong was adequate and sufficient to meet Hong Kong's need.

66. The Deputy Chairman said that he held a different view from some of the deputations that the current problem of shortage of live pig supply was caused by the implementation of the voluntary surrender scheme for pig farm licences. As advised by the Administration, the daily supply of local live pigs was around 600 to 700 as compared to that of 1 000 before the implementation of the voluntary surrender scheme. The reduction in the daily local live pig supply only accounted for less than 10% of the normal supply of live pigs per day. The Deputy Chairman further said that the trade alleged that the price offered to Mainland pig farmers by NFH was too low and it was the cause for the shortage of supply. He asked the representatives of NFH to disclose the price offered to Mainland pig farmers and the difference in prices offered to Mainland pig farmers and paid by pork traders to NFH.

67. Ms GUO Jin-qing responded that, even though the wholesale price of fresh pork had been increased by more than 30% in July, NFH only adjusted its wholesale price by around 7% in May 2007 with a view to stabilising the price of fresh pork in Hong Kong. Ms GUO said that due to the outbreak of a contagious disease and flooding on the Mainland, some other Mainland cities such as Guangzhou and Shenzhen also faced with the problem of shortage of live pig supply. However, NFH had the confidence in assuring the supply as well as the quality of live pigs to Hong Kong.

68. The Deputy Chairman asked how would the Administration respond to the views that NFH's sole export agency for Mainland live pigs should be abolished and more agents for live pig supply to Hong Kong be introduced.

69. In response, PS(FH)(Food)(Ag) reiterated that FHB had consulted with the relevant policy bureau on the issue of fair competition in live pig market. The report released by the Competition Policy Advisory Group concluded that the importer of Mainland live pigs did not act against the principle of fair competition, on account that Mainland fresh pork faced competition from local live pigs, imported chilled and frozen pork. PS(FH)(Food)(Ag) said that the statistics of the wholesale prices of live pigs did not reveal that there was a price manipulation in live pig market. As stated in the Administration's paper, the prices of large pigs and small pigs on the Mainland had increased by 45% and 70% respectively over the past year and had reached the highest levels in four years. The wholesales price of live pigs in Hong Kong in the first nine months in 2006 was around \$14 per kg. The wholesale price was increased to \$15 per

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kg after May 2007 and then further jumped to \$17 per kg in July 2007.

70. The Chairman said that it was indisputable that the state policy on the export of Mainland live pigs to Hong Kong ensured a stable supply and steady price of fresh pork in Hong Kong in the past several decades. However, he was concerned about the current shortage of Mainland live pig supply and the trade's allegation that NFH's low pricing policy was the main factor attributing to the shortage of supply. He was of the view that, if Mainland pig farmers could benefit from the difference in prices that NFH offered to them and that paid by meat traders through bidding at slaughterhouses, Mainland pig farmers should be most willing to supply their produce to NFH. The Chairman asked the representatives of NFH whether the difference in prices would become the profit of NFH or would be paid back to Mainland pig farmers.

71. Ms GUO Jin-qing responded that the Chairman's view was only partially correct. She said that NFH sourced live pigs from various places on the Mainland. The price was set in accordance with market demand and quality of food. Over the past decades, NFH had fulfilled its agency role in ensuring a stable, balanced, timely and adequate supply of Mainland live pigs. She stressed that the shortage of live pigs occurred in this year was an unusual situation, and NFH had endeavoured to maintain the supply of live pigs to 4 000 to 5 000 per day.

72. On NFH's response, the Chairman said that, if NFH could not ensure a stable and steady supply of live pigs, he considered that more agents should be introduced for Mainland live pig supply to Hong Kong with a view to stabilising the live pig supply in Hong Kong.

Proposal of setting up an "agricultural test base" on the Mainland

73. In response to the questions raised by Dr KWOK Ka-ki and the Chairman, PS(FH)(Food)(Ag) said that, the Administration had discussed with the Ministry of Commerce several times over the past year the idea of assisting Hong Kong pig farmers to establish farms on the Mainland and allocating quota to help them export their produce back to Hong Kong. The Ministry of Commerce had agreed to consider the proposal seriously. He reiterated that FHB was arranging a meeting with the Ministry of Commerce to follow up on the issue shortly.

74. Mr WONG KWOK-hing expressed disappointment at the Administration's response as it failed to provide a clear timetable as to when the proposal would be implemented. He said that the proposal would serve as a mechanism to adjust the live pig supply in Hong Kong. When there was a shortage of Mainland live pigs, the live pigs supplied by Hong Kong farms could stabilise the supply and avoid sudden price fluctuation.

75. PS(FH)(Food)(Ag) stressed that the Administration had discussed with the

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Mainland authorities about designating a zone on the Mainland for Hong Kong pig farmers to set up their pig farms. The Administration would support the proposal on the premise that it would not contravene the state policies.

76. Noting that the local live pig supply was reduced to around 200 000 since the introduction of the voluntary scheme for the surrender of pig farm licences in May 2006, Mr WONG Kwok-hing asked whether the Administration would review this scheme having regard to the current problem of shortage of live pig supply in Hong Kong.

77. PS(FH)(Food)(Ag) responded that, as the scheme was a voluntary scheme, the decision on whether to submit application for the scheme would be made by the pig farmers. In the light of the recent shortage of live pig supply in Hong Kong, some pig farmers who had submitted applications had reconsidered their decisions. PS(FH)(Food)(Ag) reiterated that, since the introduction of the voluntary surrender scheme for pig farm licences in May 2006, 243 out of the 265 pig farms had submitted applications. Given that the pig farmers were given six months time to close their business after submission of application, a number of pig farmers who had submitted applications were considering whether to surrender their licences. As reflected by the figures of daily local live pig supply in July 2007, the local pig farms still maintained about 60% to 70% of its supply before the implementation of the voluntary surrender scheme.

78. Assistant Director (Agriculture) of Agriculture, Fisheries and Conservation Department supplemented that, after an application for the voluntary surrender scheme was approved, the pig farmers concerned would be allowed six months to wind up their business, including selling their pigs and making severance payments to their workers. As at of to date, only some 100 pig farmers had already surrendered the licences to the Administration and ceased their operation in Hong Kong. Given that the surrender scheme was voluntary, pig farmers could opt to withdraw its application.

79. Mr Vincent FANG said that the Liberal Party was supportive of the idea of setting up a special zone for Hong Kong pig farmers to set up their farms on the Mainland and to help them to export their produce back to Hong Kong. The Liberal Party had exchanged views with the officials of the Ministry of Commerce on the proposal when they visited Beijing, and would do its best to assist the trade to strive for the implementation of the proposal.

80. The Deputy Chairman said that the Democratic Party was also supportive of the proposal for local pig farmers to continue their operation on the Mainland. He enquired NFH whether it would be willing to offer their services to local pig farmers. Mr WONG Kwok-hing also requested the representatives of NFH to respond as to whether NFH was supportive of the idea of helping Hong Kong pig farmers to set up their pig farms on the Mainland and export their produce back to Hong Kong. Ms

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GUO Jin-qing responded that NFH would be willing to provide services to help Hong Kong pig farmers on the Mainland to export their produce back to Hong Kong.

V. Any other business

Proposed duty visit to Europe

81. The Chairman informed members that, at the suggestion of the Deputy Chairman, he put forward a proposal of conducting a duty visit to Europe on food safety mechanism and food labelling requirements during the Chinese New Year holidays in 2008. The Deputy Chairman suggested that, in addition to visiting the United Kingdom and France, the Panel should visit the European Union to obtain first-hand information on its policy and regulatory framework of food safety and consumer protection. Members raised no objection to the proposed visit. Members also agreed that the Secretariat would draw up a proposal for the Panel to consider in the new legislative session.

Clerk

82. There being no other business, the meeting ended at 5:30 pm.

Council Business Division 2
Legislative Council Secretariat
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