

Legislative Council Panel on Trade and Industry

Information Note on Supply of Live Chickens and Market Competition in the Trade

Introduction

In 1999, during the discussion of the Report of the Competition Policy Advisory Group, Members requested information on measures to increase market supply of live chickens from the Mainland and to promote market competition in the trade. The relevant information is set out in the following paragraphs.

Supply of Live Chickens from the Mainland

2. Hong Kong generally consumes about 120 000 – 130 000 live chickens a day. The figure may vary during the year depending on the market situation. There are some 150 local chicken farms and provide some 15 000 live chickens a day. The rest of the demand is met by import from the Mainland. There are no restrictions on the import of live chickens into Hong Kong, except that they are required to be accompanied by health certificates under the Public Health (Animals and Birds) Regulations.

3. As far as supply of live chickens from the Mainland is concerned, according to the understanding of the Agriculture, Fisheries and Conservation Department, the Guangnan Hong is the main agent importing live poultry from the Mainland. It consolidates orders from all chicken laans in advance and arranges with the Special Commissioner's Office of the Ministry of Foreign Trade and Economic Co-operation (SCO-MOFTEC) in Guangzhou to organise delivery. To ensure a steady supply of live chickens during the year, SCO-MOFTEC assigns the task of producing live chickens among different food exporting companies in the Mainland. The production targets, referred to as 'quota' for these food exporting companies, represent the minimum numbers of live chickens required to satisfy market demand rather than supply ceilings. The actual production will be appropriately adjusted to meet any fluctuations in demand. Moreover, chicken traders in Hong Kong may order live chickens from the food exporting companies with allocated quota in the Mainland direct or from the Guangnan Hong, though in both cases they are required to settle payments with the Guangnan Hong.

4. Therefore, the supply of live chickens depends to a large extent on the market demand.

Competition of Wholesale Live Chicken Trade in Hong Kong

5. There are no restrictions on new entrants entering the wholesale live chicken trade in Hong Kong. The Agriculture, Fisheries and Conservation Department manages the Cheung Sha Wan Temporary Wholesale Poultry Market (CSWTWPM) for wholesale of live chickens. Anyone interested can apply and rent a stall there subject to space availability. There are presently 79 chicken wholesalers in CSWTWPM.

6. In response to the traders' request, the Agriculture, Fisheries and Conservation Department has since June 1998 been displaying the quantity and prices of imported live chickens of the preceding day at CSWTWPM to enhance the transparency of the market situation.

Environment and Food Bureau
April 2000