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LEGISLATIVE COUNCIL BRIEF

Reserved Commodities Ordinance (Chapter 296)

RESERVED COMMODITIES (CONTROL OF IMPORTS, EXPORTS AND RESERVE STOCKS) (AMENDMENT) REGULATION 2000

Import and Export Ordinance (Chapter 60)

IMPORT AND EXPORT (GENERAL) (AMENDMENT) REGULATION 2000

INTRODUCTION

At the meeting of the Executive Council on 9 May 2000, the Council ADVISED and the Chief Executive ORDERED that:

- (a) the Reserved Commodities (Control of Imports, Exports and Reserve Stocks) (Amendment) Regulation 2000, at Annex A, should be made under section 3 of the Reserved Commodities Ordinance to remove frozen meat and frozen poultry from the list of reserved commodities; and
- (b) the Import and Export (General) (Amendment) Regulation 2000, at Annex B, should be made under section 31 of the Import and Export Ordinance to make the import of frozen meat, frozen poultry, chilled meat and chilled poultry subject to licensing control.

BACKGROUND AND ARGUMENT

The Present System

2. At present, frozen meat (frozen or chilled beef, mutton and pork, including veal, lamb, and all offal) and frozen poultry (frozen, but not

chilled, carcass of a domestic fowl, duck, goose or turkey and any edible part of such birds) are classified as reserved commodities under the Schedule to the Reserved Commodities (Control of Imports, Exports and Reserve Stocks) Regulations made under the Reserved Commodities Ordinance.

3. Under the present control scheme prescribed under the Reserved Commodities (Control of Imports, Exports and Reserve Stocks) Regulations, no person may import into or export from Hong Kong any frozen meat or frozen poultry except under a licence issued by the Director-General of Trade. Traders who import such products for local consumption are also required to register with the Director-General of Trade as stockholders. Each stockholder is required to keep a certain quantity of frozen meat or frozen poultry as reserve stock. However, there is no specific requirement as to the size of the reserve stock a registered stockholder has to maintain. Most stockholders have undertaken to keep only a nominal quantity of five kilograms. Stockholders have to submit monthly returns to Trade Department on the imports, sales and storage of the products.

4. In addition, the Imported Game, Meat and Poultry Regulations made under the Public Health and Municipal Services Ordinance prohibits the import of meat and poultry, whether frozen, chilled or fresh, without an official certificate issued by a competent authority recognised by the Director of Food and Environmental Hygiene or the written permission of a health officer. To protect public health and to ensure that the imported frozen meat and poultry are fit for reserve purpose, the Director-General of Trade takes into account the provisions of the Imported Game, Meat and Poultry Regulations in processing import licence applications for frozen meat and frozen poultry under the Reserved Commodities Ordinance. He either approves an application for import licence if it is supported by a valid official certificate or a written permission of Food and Environmental Hygiene Department or, in the absence of such supporting documents, imposes a condition on the licence requiring the consignment to be kept in cold storage until Food and Environmental Hygiene Department has been shown an official certificate or has given written approval to release the goods.

The Proposal

5. The present system of controlling frozen meat and frozen poultry as reserved commodities was introduced as a result of concern over the disruption of supplies in the mid-1960s. We believe that there is no longer any need to retain control over frozen meat and frozen poultry as reserved commodities because the fear of disruption of supplies has long since been removed. Moreover, in line with our policy on trade liberalization, we have made a commitment in the Asia Pacific Economic Co-operation (APEC) forum that we shall remove frozen meat and frozen poultry from the control of the Reserved Commodities Ordinance by the year 2000, thus relaxing the present requirement for importers of frozen meat and frozen poultry to register as stockholders, submit monthly returns on imports and keep a reserve stock.

6. In spite of the proposed relaxation from the trade policy point of view, we consider it imperative to maintain import licensing control over frozen meat and frozen poultry for the purpose of protecting public health. Without an import licensing system, Food and Environmental Hygiene Department would have great difficulty in enforcing the provisions under the Imported Game, Meat and Poultry Regulations and to ensure that such imports are from sources that have complied with internationally accepted hygiene conditions. The system will also help deter smuggling activities. It would facilitate Customs and Excise officers in verifying whether a consignment has satisfied our legal requirements. Hence, we propose to add frozen meat and frozen poultry to Part I of the First Schedule to the Import and Export (General) Regulations made under the Import and Export Ordinance. This will enable the Director-General of Trade to delegate the import licensing responsibilities in respect of frozen meat and frozen poultry to the Director of Food and Environmental Hygiene under Sections 3(9) and 4A of the Ordinance.

7. We also propose to extend the proposed import licensing control to cover chilled poultry, including the chilled carcass of a domestic fowl, duck, goose or turkey and any edible part of such birds, under the Import and Export (General) Regulations. We consider the existing practice for the Reserved Commodities (Control of Imports, Exports and Reserve Stocks) Regulations to regulate frozen and chilled meat, frozen but not chilled poultry an anomaly from a public health perspective, because the smuggling of chilled poultry poses no less risk than that of frozen poultry, frozen or chilled meat.

8. The maximum penalty for importing any specified article in the First Schedule to the Import and Export (General) Regulations without a licence is a fine of \$500,000 and imprisonment of two years. This represents an increase from the maximum penalty of a fine of \$50,000 and imprisonment of one year for a similar offence under the Reserved Commodities (Control of Imports, Exports and Reserve Stocks) Regulations. We consider the increase justified as we need a greater deterrent against the smuggling of frozen meat and frozen poultry. The total amount of smuggled frozen meat and frozen poultry seized by Customs and Excise Department doubled from some 200 tons in 1997 to some 400 tons in 1999. The problem of smuggling of frozen/chilled meat and poultry has aroused considerable concern from the public and the agriculture and food trade. Increased enforcement actions will not be as effective without an increase in the penalty level.

THE AMENDMENT REGULATIONS

9. The Reserved Commodities (Control of Imports, Exports and Reserve Stocks) (Amendment) Regulation 2000, at Annex A, removes frozen meat, chilled meat and frozen poultry from the list of reserved commodities. The Import and Export (General) (Amendment) Regulation 2000, at Annex B, subjects the import of frozen meat, chilled meat, frozen poultry and chilled poultry to licensing control except where a quantity not exceeding 15 kilograms is imported in the personal baggage of a person entering Hong Kong and accompanied by an official certificate as defined in the Imported Game, Meat and Poultry Regulations. This is to retain an existing exemption provided in the Reserved Commodities (Control of Imports, Exports and Reserve Stocks) Regulations. The existing provisions which are being amended are at Annex C.

PUBLIC CONSULTATION

10. The decontrol of frozen meat and frozen poultry as reserved commodities and the transfer of import licensing responsibility from Trade Department to Food and Environmental Hygiene Department will not have any significant impact on traders. Food and Environmental Hygiene Department has consulted the affected import trade on the proposal to extend import licensing control to cover chilled poultry. Importers in general raised no objection.

BASIC LAW IMPLICATIONS

11. The Department of Justice advises that the Amendment Regulations are consistent with the Basic Law.

HUMAN RIGHTS IMPLICATIONS

12. The Department of Justice advises that the Amendment Regulations do not have any human rights implications.

BINDING EFFECT

13. The amendments will not affect the current binding effect of the Regulations.

FINANCIAL AND STAFFING IMPLICATIONS

14. With the transfer of the licensing responsibilities to Food and Environmental Hygiene Department, Trade Department will delete two posts with a staff cost saving of \$0.5 million. Food and Environmental Hygiene Department will absorb the additional workload arising from the transfer from within its existing resources.

ECONOMIC IMPLICATIONS

15. Protection of public health through the proposed licensing control over the import of frozen meat and frozen poultry is beneficial to the community as a whole.

LEGISLATIVE TIMETABLE

16. The legislative timetable will be:

Publication in the Gazette	19 May 2000
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Tabling at the Legislative Council	24 May 2000
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17. The Amendment Regulations are intended to commence operation on 1 August 2000.

PUBLICITY

18. A press release will be issued on 17 May 2000 and a spokesman will be available to answer enquiries. Trade Department will issue a trade circular to inform the trade of the change when the implementation date is fixed.

ENQUIRIES

19. For any enquiries, please contact Ms Salina Yan, Principal Assistant Secretary of Trade and Industry Bureau, at 29187450, or Mr John Leung, Principal Assistant Secretary of the Environment and Food Bureau, at 21363399.

Trade and Industry Bureau
17 May 2000