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**Submission by FrieslandCampina (Hong Kong) Ltd. To the Hong Kong Legislative Council
Subcommittee on Import and Export (General) (Amendment) Regulation 2013 as Part of our
Ongoing Commitment to Share our Views on Measures to Stabilize Supply of Formula Products for
Infants and Young Children in Hong Kong**

Friso's top priority is in meeting the needs of Hong Kong mothers and their children for our milk formula products as part of our commitment to ensuring the welfare of each and every one of our customers in this important market. We have been addressing that commitment by working closely with our retail partners and the government to ensure that our customers in Hong Kong have a stable product supply.

We have also been addressing that commitment through a process of continuous engagement with our customers to ensure that we have their feedback on our products and services and the actions they want us to take to best meet their needs. Many of the initiatives we have implemented over the past few months to ensure a stable product supply have resulted from conversations we have had with members of the Friso Mother's Club together with close monitoring of market demand. Examples of those initiatives include:

- Creating an expanded product ordering service, the Store Reservation Program, to increase the number of channels available to our customers to secure access to our products. That service, which is open to all Hong Kong mothers, entitles customers to order our products through our official website or our hotline and then collect their orders from a list of selected retail stores. That network has been expanded to over 450 stores including Mannings, Watsons, Welcome, and Parkshop. The network will be further expanded to pharmacy stores.
- Announcing on January 25 that we were significantly increasing the supply of Friso infant milk products to meet customer demand over the Chinese New Year holiday period. At the same time, we expanded our hotline service capacity and extended the hours of that service to better handle the orders for our products from Hong Kong mothers.
- Announcing on January 30, two additional measures, including the commitment of a one-year product supply guarantee to ensure certainty of product supply and delivery of orders throughout the year for the members of the Friso Mother's Club. We also increased the supply of our products that were available to our pharmacy customers and increased the frequency of product delivery to retailers, and said that we were committed to meeting the needs of those customers for our products even if it meant that we needed to resort to air freight shipments.



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- Working closely with the Hong Kong government to support the government's successful 24-hour hotline service as part of the joint government-industry commitment to meet the requirements of Hong Kong mothers for a stable supply of infant milk products.

We believe that these and other measures that were taken by our company, others in our industry and our retail partners, have played major roles in meeting the needs of all local customers for infant milk products over the busy holiday period and are a major reason why the milk formula market in Hong Kong has returned to normal.

The fact that the market has returned to normal reinforces our view that Hong Kong does not have a milk formula supply challenge. We believe that the root of the problem over the recent holiday period is a logistics and distribution challenge and that is what we have been working to address through the creation of multiple product ordering and delivery channels and through increased cooperation with our retail partners. This is also a challenge that we believe cannot be adequately addressed through export control measures.

While we understand the government's rationale for the export controls, we are concerned that the increased administrative requirements being placed on manufacturers and retailers by that measure and the related regulations has the potential to increase the cost of doing business for everyone involved in the sale of milk formula products in Hong Kong. That is why we endorse open discussions within the Hong Kong community on this important issue and that is also why we would recommend that there be regular review of the impact of the export controls and possibly even flexibility in how or when they are applied.

FrieslandCampina will continue to closely monitor market demand and respond to customers' needs by making continuous improvement on product accessibility should that be required. We will also continue to support the government as it addresses this challenging issue and we are fully committed to working with our retail partners to continue to ensure a stable and sufficient supply of our company's milk formula products to Hong Kong mothers.

FrieslandCampina (Hong Kong) Limited

March 13, 2013