

**For Discussion
on 4 February 2013**

LegCo Panel on Food Safety and Environmental Hygiene

**Measures to Stabilise Supply of Formula Products
for Infants and Young Children**

Purpose

This paper briefs Members on measures implemented by the Government to stabilise supply of formula products for infants and young children in Hong Kong.

Current Situation

2. The Government cares about babies' health and has been promoting the merits of breastfeeding in order to encourage its adoption by parents. The Government also understands that some parents still prefer formula products, and has therefore paid particular attention to its safety and supply.

3. The Government has been closely monitoring the supply of formula products in the local market, so as to ensure that the needs of infants and young children in Hong Kong are met. We note that in last week or so, even though major suppliers of formula products have enhanced their services, emphasized that they have sufficient stock in hand, and had put in place stringent measures to combat the malpractices of some retailers¹, many local parents still complained that individual brands of formula products were still out of stock at the retail level, that calls to hotlines of certain suppliers were unanswered and that response of certain suppliers was relatively slow.

¹ In January 2013, major suppliers of formula products issued 77 warnings to these retailers and restricted supply to 27 retailers. Besides, supply to 11 retailers has been suspended.

Short Term Measure – Special Hotline Service

4. Suppliers of formula products have the responsibility to ensure adequate supply to meet market needs. The demand and supply of formula products is essentially a market behaviour in which the Government normally would not intervene. Owing to a supply chain failure in the market, the Government has decided to intervene by adopting a short-term measure to ensure that local parents are able to procure formula products, thereby protecting the health of their infants and young children.

5. On top of the existing hotline services provided by suppliers of formula products, a special hotline, 3142 2288, has been set up by the Government with effect from 6 p.m., 1 February, operating 24 hours a day and 7 days a week by staff of the Efficiency Unit. Local parents of infants and young children under 3 years of age who are unable to purchase the 7 major brands² of formula products at the retail level or through the suppliers' hotlines may ring this hotline. We will refer the purchase orders received to the relevant suppliers.

6. The 7 major suppliers of formula products have pledged that, to address the concern of parents, deliveries will be made before the Chinese New Year for all the purchase orders placed between **1 and 3 February** via the special hotline.

7. Upon receipt of calls from parents, staff of the hotline would ask parents about the brand, type and quantity they wish to order, as well as whether they are members of the mother's club of the particular brand. Staff of the hotline would also ask the parents to provide general information such as their contact number. These purchase orders will be passed to the customer service personnel of the particular brand through the computer by close of play on the same day.

8. Upon receiving the purchase orders, the customer service personnel of the particular brand would contact the parents within two working days to verify their membership and inform them of the arrangements for delivery and payment. Deliveries would be made before the Chinese New Year. Major suppliers of formula products would impose a limit on purchase orders in accordance with their existing practices, e.g. three cans every two weeks or six cans per month for each infant and young child.

² The 7 major brands include Abbott, Cow & Gate, Mead Johnson, Friso, Nestle, Wyeth and Snow Brand. They account for over 95% of the market share.

9. Local parents who are not members of the mother's club of a particular brand may also place purchase orders via this special hotline. The suppliers have pledged that members and non-members would be treated equally.

10. We would like to emphasise that the existing services of major suppliers of formula products, including the customer hotlines and online services, have continued to operate and are the most direct channel through which local parents may order and purchase formula products.

11. The special hotline set up by the Government serves as a safety net which provides assistance to local parents who, for various reasons, are unable to secure the purchase of formula products. It will refer their purchase orders to suppliers so as to meet the needs of their infants and young children, thereby addressing the concern of local parents. However, we must point out that, this is only a short-term measure taken in the wake of the supply chain failure in the local market. Once normal supply is resumed in the market, such service will be cancelled.

Long Term Measure

12. We consider that the supply chain failure in relation to formula products is closely related to parallel trading activities. The huge demand of parallel traders often leads to shortage of certain brands of formula products at certain retail outlets.

13. To combat the problem of parallel traders diverting large quantities of formula products away from the supply chain in Hong Kong, the Government proposes to amend the Import and Export (General) Regulations (Cap. 60, subsidiary legislation A) to prohibit the export of formula products from Hong Kong except with a licence issued by the relevant authority.

14. Having regard to the need of those departing from Hong Kong for formula products for personal use, our preliminary proposal is that not more than a net weight of 1.8kg of formula products may be carried by each person. In general, the net weight of a can of formula products is 0.9kg. This means that each person may bring two cans. However, this exemption does not apply to children.

15. We will consult the trade and formulate the detailed proposals shortly, with a view to submitting the proposed legislative amendments to the Executive Council in February. If approved, we intend to implement

the new regulation as soon as possible.

Other Measures

16. The Government has also announced a series of measures to combat parallel trading activities on 1 February. Such measures may also help stabilising the supply of formula products for infants and young children in Hong Kong. For details, please see the **Annex**.

Advice Sought

17. The Government trusts that the abovementioned measures will be effective in stabilising the supply of formula products to Hong Kong consumers. Members are invited to comment on the issue.

Food and Health Bureau
February 2013

Press Releases

Opening remarks by S for S at joint press conference on measures to combat cross-boundary parallel trading and help ensure stable supply of infant formula

Following are the opening remarks by the Secretary for Security, Mr Lai Tung-kwok, at a joint press conference today (February 1) on measures to combat cross-boundary parallel trading and help ensure a stable supply of infant formula:

The Hong Kong Customs and Excise Department (C&ED) has mounted joint operations with its Mainland counterparts since September last year to combat parallel trading activities. In view of the latest situation, the C&ED and their Shenzhen counterparts have, with immediate effect, further strengthened enforcement efforts by launching a joint anti-smuggling operation against daily commodities, especially baby milk formula, which include monitoring and notifying on parallel trade activities at the land boundary; enhancing intelligence exchange; and strengthening Customs checks in that they (Shenzhen Customs) will inspect daily commodities, especially baby milk formula. Inspection will be conducted on all passengers who are, or suspected to be, carrying baby formula at all boundary control points between Shenzhen and Hong Kong. They (Shenzhen Customs) will also implement a management information system to keep track of passengers' arrival records on a single day and within a short period of time so as to support Shenzhen Customs' strict control on passengers bringing in self-used commodities, especially baby milk formula. At the same time, Hong Kong law enforcement agencies including Immigration, Police and Customs have continued the "Windsand" and "Realpower" operations which have resulted in the arrest of about 600 parallel traders. This kind of actions will continue.

(Please also refer to the Chinese portion of the opening remarks.)

Ends/Friday, February 1, 2013
Issued at HKT 20:28

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Press Releases

Opening remarks by STH at joint press conference on measures to combat cross-boundary parallel trading and help ensure stable supply of infant formula

Following are the opening remarks by the Secretary for Transport and Housing, Professor Anthony Cheung Bing-leung, at a joint press conference today (February 1) on measures to combat cross-boundary parallel trading and help ensure a stable supply of infant formula:

The Government is in close liaison with the MTR Corporation Limited (MTRCL) in measures to combat parallel trade activities. To tie in with the Government's further efforts in this direction, the MTRCL will deploy four new measures.

First, starting from next Monday, i.e. February 4, the weight limit on passenger luggage will be further lowered from the existing 32 kilograms for the East Rail Line to 23kg. This new measure will be implemented on a trial basis for three months in the first instance.

Second, starting from next Monday, weight check for passenger luggage will also be conducted at the Tai Po Market and Fo Tan stations. At the moment as we know, we have luggage check in terms of weight at Sheung Shui, Fanling, Lo Wu and Lok Ma Chau stations.

The third measure is the manpower of the By-laws Inspection Unit of the MTRCL will be further increased. The number of members will be increased by half from the existing 39 to 59. In addition, the existing 92 contract security staff will step up patrols to maintain order in stations.

The fourth measure is the MTRCL will step up patrols on trains, and it will also strengthen communication and co-operation with enforcement agencies including the Police, to make sure that our measures are effective.

Here I would like to take the opportunity to thank the MTRCL management as well as frontline staff for their efforts to support the Government in our measures.

(Please also refer to the Chinese portion of the opening remarks.)

Ends/Friday, February 1, 2013
Issued at HKT 19:14

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