

4 February 2013

By Fax and by Mail

Panel on Food Safety and Environmental Hygiene
Legislative Council

Attn: Special meeting on measures to stabilize supply of formula products for infants and young children to be held on 4 Feb, at 4:30 p.m. in the Legislative Council Complex

Facsimile: (852) 2869 6794

Cc: Hon Vincent FANG Kang, SBS, JP

Dear Sir/Madam,

Comments on Stabilizing supply of formula products for infants and young children

Milk Formula for infant is an essential source of food and nutrition for babies. For new born to six months old babies, they could be the ONLY source of food and nutrition. Suppliers of milk formula have a social and moral obligation to ensure supply and easy access for their customers. When milk formula suppliers have massive advertising and promotional budget, they must, without excuses, ensure consumers will have easy access to their products. If the suppliers have the resource to advertise, they must allocate sufficient resources to ensure stock availability and effective logistic from their warehouse to the hands of the consumers.

We do not have details of the current milk formula shortage and the extent of the shortage. It is regretful as suppliers to hear that citizen of Hong Kong is not able to obtain milk formula for their babies. Hong Kong is a sophisticated economic entity with mature and well established logistic system. It is unacceptable that temporary shortage in certain geographic areas or certain distribution channels cannot be resolved within a couple of days. Products can get to the hands of consumers through many channels, including and not limited to internet sales, direct sales, van sales or through specially arranged retail channels.

Milk formula suppliers should take care of the problem. We are thankful and appreciative to the Administration stepping in and setting up hotlines for parents wanting to buy milk formula. In our view, suppliers should be responsible in communicating with their customers; it is appalling that the Administration has to do the suppliers' job.

We disagree with the Administration on limiting the number of milk formula each person allows to carry out of Hong Kong as a way to ensure sufficient supply to local babies. It is not a solution to the problem. It just adds extra workload for the Custom and Excise. After a while, milk formula will still be carried out or exported out of Hong Kong as long as there is a demand. This is the reality. If a person chooses to buy watch, cosmetic, food, milk formula, etc. in Hong Kong, it is completely legal and good for the Hong Kong economy. Parallel goods is legal in Hong Kong. There is no logic in allowing parallel goods into Hong Kong and limiting them out of Hong Kong. Hong Kong is a free port that we are proud of, restricting legally sold products out of Hong Kong is detrimental to Hong Kong's economy.

In the case of milk formula, the problem lies in local babies not getting adequate supply on the brand of their choice. Suppliers must have the obligation to satisfy local demand. There is no room for negotiation in this respect. Sufficient stock and easy access to milk formula must be guaranteed or else they should not be allowed to promote their milk formula in Hong Kong. If parents outside of Hong Kong, be it parents from China, from U.S. or from Africa want to buy milk formula in Hong Kong, they should be free to do so as long as the need of local babies is fully satisfied.

We suggest the Administration to:

1. Relinquish the limitation on number of milk formula each person allow to carry out of Hong Kong as soon as the current crisis is over
2. Form a Task Force with knowledgeable suppliers and logistic providers in the FMCG business, retailers, milk formula suppliers, Government officers, academia, Consumer Council, parents and other related parties to arrive at provisions to ensure supply in satisfying local demand.
3. Licensing of milk formula suppliers or throughout the supply chain could be a consideration. Licensees should be required to meet certain conditions in ensuring supply to local babies.

End of submission

Thank you for your attention.



Albert Tang
Chairman
Hong Kong Suppliers Association